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LOGISTICS AND SEALIFT FORCE REQUIREMENTS AND FORCE STRUCTURE ASSESSMENT

HEARING

BEFORE THE

SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

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LOGISTICS AND SEALIFT FORCE REQUIREMENTS AND FORCE STRUCTURE ASSESSMENT

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES,
Washington, DC, Wednesday, July 30, 2014.

The subcommittee met, pursuant to call, at 2:02 p.m., in room 2212, Rayburn House Office Building, Hon. J. Randy Forbes (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

Mr. FORBES. We want to welcome all of you today to this hearing, and today the subcommittee convenes to receive testimony on logistics and sealift requirements.

We are going to forego our opening statements just in the interest of time, because we are going to have a vote series called, I think, about 3:00, 3:15, or 3:30, and we want to make sure we get as much of this hearing in as we can before that.

We have three very distinguished witnesses here today. And I want to thank all three of you for, one, your service to our country, but also your willingness to come help us today. I know, also, you couldn't do what you do without the valuable work of your staffs that are behind you, and on behalf of Mr. McIntyre and I, if you could just stand up if you are one of the staff people here today supporting them, we just want to tell you how much we appreciate you. So stand up and let us just thank you for that effort. Well, we appreciate so much all of your hard work and what you do.

Our witnesses today are the Honorable Paul N. Jaenichen, Sr., Maritime Administrator, U.S. Department of Transportation, Maritime Administration; also, Vice Admiral William A. Brown, Deputy Commander, U.S. Transportation Command; and Mr. F. Scott DiLisio, Director, Strategic Mobility/Combat Logistics, Office of Chief of Naval Operations. So we thank you three gentlemen for being here.

As I mentioned, we are going to put our opening statement in the record, but I would like to now recognize my partner in all of this, the ranking member, my good friend from North Carolina, Mr. McIntyre, for any comments he may have.

[The prepared statement of Mr. Forbes can be found in the Appendix on page 29.]

STATEMENT OF HON. MIKE MCINTYRE, A REPRESENTATIVE FROM NORTH CAROLINA, RANKING MEMBER, SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

Mr. MCINTYRE. Thank you, Mr. Chairman. Thanks to all of you all for coming, and I will echo the chairman's appreciation for your work and for the staff's work. We also will respect the fact of the more compressed time schedule we are on and forego opening remarks, but we will submit them for the record. God bless you all for your commitment and work.

And thank you, Mr. Chairman.

[The prepared statement of Mr. McIntyre can be found in the Appendix on page 31.]

Mr. FORBES. Thank you, Congressman McIntyre.

And I don't know which order you would like to go. Admiral, are you going to start us off, or are we going to go in a different——

Admiral BROWN. I can do that, sir.

Mr. FORBES. Okay. Well, we would love to hear your comments now.

STATEMENT OF VADM WILLIAM A. BROWN, USN, DEPUTY COMMANDER, UNITED STATES TRANSPORTATION COMMAND

Admiral BROWN. Thank you, sir.

Chairman Forbes, Ranking Member McIntyre, and distinguished members of this committee, it is truly an honor for me to be here today representing the United States Transportation Command [TRANSCOM]. Our force of men and women, military and civilian, is dedicated to providing reliable, seamless logistical support to our warfighters and their families around the globe. The dedicated professionals at TRANSCOM simply cannot accomplish this global mission without the capabilities provided by the United States Strategic Sealift fleet and our steadfast merchant mariners.

I would also like to recognize and thank my good friends on my left here, Mr. Jaenichen and Mr. DiLisio. They work with us every day to try to achieve our goal of supporting our Nation. Their vision and leadership have enabled TRANSCOM to provide transportation and distribution support that are second to none anywhere in the world, and together, we deliver.

TRANSCOM relies on both government-owned vessels and those accessed via commercial industry. Our government-owned fleet of 60 total assets from the Military Sealift Command and the surge fleet and the Maritime Administration's Ready Reserve Force are strategically positioned around the country and important to our capability. All of these government-owned and commercial vessels are critical to the Department of Defense's ability to surge to meet future global requirements.

As the Department of Defense [DOD] postures its forces in the future, sealift will continue to be a key component in ensuring strategic agility and dynamic presence for our Nation's military forces. And although organic assets are essential to meeting our requirement, we rely on commercial partners to augment the organic fleet during the initial surge of combat power and for the vast majority of sealift in peacetime and in the sustainment phases of the contingency operations.

Access to these commercial assets is formalized by MARAD's [United States Maritime Administration] Voluntary Intermodal Sealift Agreement, the VISA program; and the Maritime Security Program, MSP program; as well as the Voluntary Tanker Agreement, the VTA. Through these programs, DOD gains critical access to U.S. commercial capabilities while ensuring the availability of a viable U.S.-flag maritime industry and crewed by U.S. citizens who are merchant mariners in our times of national emergency.

The Maritime Security Program provides access to a fleet of 60 military useful commercial vessels operating in international commerce and exercising intermodal networks throughout the world, and these provide jobs for United States citizens who are mariners. A significant percentage of our required sealift capacity needed in response to a national emergency will come from the 60 vessels operating within the MSP program.

The maritime defense industrial base provides an irreplaceable shipbuilding as well as ship operating capability for the U.S., including the ability to support our forces around the globe. But this national defense capability is undergoing stress from several recent enduring factors, primarily the reduced amount of defense cargo resulting from our drawdown in Afghanistan and current economic conditions which make it challenging for U.S.-flag companies to compete with companies operating at much lower cost under foreign flags.

Some think that as we transition from Afghanistan our requirement is reduced; this is, indeed, not the case. Maintaining a responsive sealift capacity and experienced mariners to crew our ships in time of need is essential to meeting the Nation's defense requirements. We are working with the Maritime Administration in its development of a national maritime strategy which could grow the U.S.-flag fleet and ensure that availability and the ability of U.S. Merchant Marine to meet our national security needs. Despite an uncertain future and dynamic strategic environment, TRANSCOM will continue in close collaboration with our partners to ensure we meet the Nation's needs in peace and in time of conflict.

Chairman Forbes, Ranking Member McIntyre, and all the distinguished members of this committee, thank you for your continued support to TRANSCOM and our total force. I am grateful for the opportunity to be here before the committee, and I ask that my written statement be submitted for the record and I look forward to your questions.

Thank you, sir.

[The prepared statement of Admiral Brown can be found in the Appendix on page 33.]

Mr. FORBES. Admiral, thank you for your comments. And without objection, all the written statements will be submitted as part of the record.

Mr. Jaenichen.

STATEMENT OF PAUL N. JAENICHEN, MARITIME ADMINISTRATOR, U.S. DEPARTMENT OF TRANSPORTATION

Mr. JAENICHEN. Good afternoon, Chairman Forbes, Ranking Member McIntyre, members of the subcommittee.

I want to thank you for the opportunity to discuss the United States Merchant Marine that supports our Nation's government-owned and U.S.-flag commercial fleet sealift requirements.

While our Nation is continuing to recover from economic downturn of the past several years, more cargo today is being moved by merchant ships globally. However, there are challenges for maintaining the number of commercial U.S.-flag vessels actively involved in international trade, which affects the availability of sealift capacity that the Department of Defense relies upon to move equipment and supplies to support global projection and sustainment of our Armed Forces.

The U.S.-flag commercial fleet operating international trade provides a substantial portion of the infrastructure for the sealift capacity with our commercial maritime companies, their vessels, and the mariners available in wartime or crisis, whenever and wherever they are needed.

The number of vessels currently in the U.S.-flag fleet today has declined by nearly 20 percent as compared to the running 5-year average between 2008 and 2013. This causes me great concern about the overall health of our international trading fleet.

Government-owned sealift force requirements have a direct and significant nexus to the commercial U.S.-flag maritime industry that provides the ready pool of proficient and qualified mariners. Given that the two are linked, DOD and the Maritime Administration must now assess the impact of a loss of these vessels on our sealift capacity and the availability to support national security.

The overall volume of non-bulk dry and dry bulk preference cargo transported on U.S.-flag vessels has substantially decreased since 2005. Ships require cargo to be economically viable. So without ready access to commercial or government-impelled cargo, the survival of some vessels in the U.S.-flag fleet operating international trade is in question.

The cause of the falling volume of non-bulk dry and dry bulk preference cargo do not appear to be transient. Continued reductions in the number of U.S. Armed Forces and overseas bases, coupled with the decline in the number of troops involved in global operations suggest that military cargos will continue to decrease through 2016 and level off at less than 1 million metric tons per year, or less than half of the volume that was transported as recently as 2011.

The size of the U.S.-flag international trading fleet has decreased from the 5-year average of 101 to 83 as of this afternoon, and it is expected to decrease further in the future. Adverse impacts on the 58 liner-type vessels in the Maritime Security Program are already occurring, with one vessel having left the program and reflagging foreign, and up to two more expected to leave before the end of this year. Their primary reason for leaving the program is lack of cargo, and it appears unlikely that commercial or preference cargo opportunities will recover significantly anytime in the future.

MARAD is responsible for determining whether adequate mariners are available to support the operation of sealift ships required to support our global deployment of our Nation's Armed Forces. We have determined that the pool of civilian U.S. merchant mariners available to crew government sealift ships when activated has de-

clined over the last decade. The current number of qualified and experienced mariners available may not be adequate in the very near future without requiring the U.S. Coast Guard to waive domestic and international requirements for the mariners to crew government sealift ships when activated for longer than 6 to 8 months.

This assessment of the status of the civilian merchant mariner pool included close coordination with the U.S. maritime labor unions in consultation with other maritime industry stakeholders. I have shared this assessment with DOD and intend to work closely with the U.S. Transportation Command, the U.S. Navy, and commercial maritime industry to address this issue. The Maritime Administration is currently working on developing a national maritime strategy with stakeholders aimed at preserving and growing all aspects of the U.S. Merchant Marine, including the U.S.-flag fleet trading internationally.

The Maritime Administration is also focused on the future of the government sealift capacity. The average age of the 46 vessels and the Ready Reserve Force or RRF is 40 years with the oldest being 47. While commercial ships are typically retired after 25 to 30 years of operation, the Maritime Administration intends to maintain the RRF vessels in the fleet for 50 years.

Given the 40-year average age of the Ready Reserve Force, MARAD is coordinating with the Department of Defense to examine the need for recapitalization and to assess the full range of options that will balance DOD's requirements with funding realities. With regard to the Maritime Security Program which supports the 60 commercial U.S.-owned, U.S.-flag, U.S.-crewed vessels that support DOD sustainment sealift requirements and which transported over 90 percent of the equipment and supplies used by our troops in Afghanistan and Iraq, I would request that the committee support full funding at the authorized level of $186 million, as requested in the President's budget.

Thank you for the opportunity to discuss the issues affecting the ability of the U.S. Merchant Marine to continue to meet DOD sealift requirements.

I thank the committee for their support, and I look forward to any questions that you might have.

[The prepared statement of Mr. Jaenichen can be found in the Appendix on page 41.]

Mr. FORBES. Mr. Jaenichen, thank you so much for your testimony.

Mr. DiLisio, you are now recognized for any opening remarks you would like to make.

STATEMENT OF F. SCOTT DILISIO, DIRECTOR, STRATEGIC MOBILITY/COMBAT LOGISTICS DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. DILISIO. Thank you, Chairman Forbes, Ranking Member McIntyre, distinguished——

Mr. FORBES. You might want to pull that microphone a little bit closer. I don't know if it is turned on or not, but sometimes you have to get——

Mr. DILISIO. I think I have got it now.

Mr. FORBES. That is good.

Mr. DILISIO. Thanks.

We continue to meet operational requirements while driving successful, innovative, and nontraditional solutions to global maritime logistics. You have met my colleagues. I won't reintroduce them, but I am honored to be here with them both. I consider them to be my close partners in this regard.

I will be brief in my remarks so we can spare some time together. The Combat Logistics Force and Strategic Sealift missions are accomplished by an organic fleet comprised of about 122 ships. These ships support numerous missions, including the following: At-sea resupply of our naval combatants; prepositioning of critical unit equipment, ammunition, and sustainment for Marine Corps, Army, and Air Force; humanitarian assistance and disaster relief; towing, diving, and salvage operations worldwide; rapid intra-theater movement of cargo and personnel; and afloat staging capabilities.

This unique segment of the fleet is augmented by the commercial U.S.-flag fleet, as Mr. Jaenichen spoke to you about. It provides a scalability capability required by the combatant commander to execute critical missions around the globe. The ability to rearm, refuel, and reprovision our forces at sea, independent of restrictions placed on it by any foreign country, is critical in the Navy's ability provide presence and projected warfighting power from the sea where it matters when it matters.

The Navy's Combat Logistics Force ships are the lifeline of resupply to the Navy operating forces underway, enabling carrier strike groups, amphibious ready groups, to operate forward and remain on station during peacetime and war. The Combat Logistics Force includes replenishment oilers, T–AOs; fast combat support ships, T–AOEs; and dry cargo and ammunition ships, T–AKEs. The T–AOs primarily provide fuel but with the ability to provide limited quantities of dry cargo. The T–AOEs and T–AKEs are multimission ships capable of multiproduct, a term of "one-stop shopping," if you will, to customer ships by simultaneously replenishing ammunition, provisions, and fuel.

A different portion of that force is the Strategic Sealift Program, provides the necessary transportation for Marine Corps and Army combat equipment, fuel, and sustainment. This capability is provided to the combatant commander through three methods: afloat prepositioning, surge sealift, and sustainment shipping. These methods encompass 85 organic ships with each providing a critical set of capabilities when called for tasking or activated for service.

The Prepositioned Fleet is strategically located in key areas on the globe prior to actual need ensuring ready access for contingencies. Doing so provides flexible, rapid response of military equipment, combat gear, and supplies essential to sustaining initial phases of contingencies, including major combat operations. When Mobile Landing Platform [MLP] ships join the Large Medium-Speed Roll-on/Roll-off ships as part of the Maritime Prepositioning Force next year, they will enable a greater sea-basing capability and increased flexibility across the operational area.

An MLP is a tremendously versatile ship; it is new and will act as a floating base for expeditionary operations. Equipped with

ramp systems, the MLP is an intermediary transfer point for troops, equipment, and sustainment moved ashore by Landing Craft Air Cushion craft and the Joint High Speed Vessel. The Joint High Speed Vessel is designed for high-speed intra-theater transport. Experimentation is revealing more potential missions to include various types of mission support, humanitarian assistance, theater security cooperation, and security force assistance.

Surge ships are the second subset of sealift and is comprised of 60 ships. These ships move unit equipment to the theater of operation and facilitate the rapid on-load and off-load of rolling stock and service-unique special mission equipment. The sustainment shipping provided by the commercial U.S.-flag fleet Mr. Jaenichen referred to, is the third component of Strategic Sealift. These vessels assist in the sustainment phases of operations as well as the global movement of government cargo.

These commercial owners participate as a program member of the overall sealift capability. We are currently working with fleet commanders to complement Combat Logistics Force and Strategic Sealift capabilities by examining innovative ways to improve capability and capacity to perform theater security cooperation missions that also enhance overall Navy combat force availability. Deploying adaptive force packaging can create cost-effective opportunities for our fleet to expand support missions and sustain global presence.

We will continue to support forward presence and relieve stress on the rest of the force through traditional and innovative approaches. We will continue to rely on the Combat Logistics Force and Strategic Sealift as they contribute to the Navy's tenets, you have heard from the CNO [Chief of Naval Operations]: Warfighting first, operate forward, and be ready.

I want to thank you for your continued support of our force, and thank you again for the opportunity to speak to the committee.

[The prepared statement of Mr. DiLisio can be found in the Appendix on page 49.]

Mr. FORBES. Mr. DiLisio, thank you so much for being here and your service to our country.

I am going to defer my questions until the end to make sure all our Members can get their questions in.

So at this time, I would like to recognize Mr. McIntyre for any questions he may have.

Mr. MCINTYRE. And again, I will follow the chairman's example, given our compressed time today and proceed with the Members asking their questions.

Thank you.

Mr. FORBES. Thank you, Mr. McIntyre.

Then, our first Member for questions will be recognized will be Mr. Runyan recognized for 5 minutes.

Mr. RUNYAN. Thank you, Mr. Chairman.

Just a little bit, I know I have dealt with this on other subcommittees a little bit with TRANSCOM, with airlift and CRAF [Civil Reserve Air Fleet], which Merchant Marine, I would think, would be the mirror thing on the seas. I know we have probably been through these situations before where you have a downturn and you have to walk away from it.

What have we learned from the past and what are we able to do to keep that readiness there? Because obviously, we don't have a need for it. But I dealt with this on the CRAF aspect of it; as the companies can't keep the civilian fleets around, it becomes a huge problem and the ramp-up on the back end when there is another conflict is huge.

And where would that—well, can the Air Force absorb that, and do you have any idea of what cost that would be to get that, to get—you know, because it may take you at some point if you do have to, a year or two to get the civilian sealift aspect back on?

Mr. Jaenichen, do you have any—I know it is kind of a vague question, but——

Mr. JAENICHEN. Well, first of all, what I will tell you is the 83 vessels that are currently operating international trade, 60 of those are in the Maritime Security Program. If those ships are lost or they decide to not continue in the program, the cost to the U.S. Government to replace them in terms of the assets that these civilian companies have essentially invested, probably over $2 billion in those 60 ships alone. But the piece that is probably more important to us is the international logistics capability that those companies have access to that we don't necessarily have access to as the Department of Defense or as the U.S. Government.

For example, when Pakistan closed their borders to be able to get our supplies to Afghanistan, it was the MSP program that actually developed the Northern Distribution Network to be able to get those supplies to our troops to be able to support the continued operations in Afghanistan.

So that particular aspect of the infrastructure, that is a $40 billion, in excess of $40 billion to replace. So to be able to say that we can ramp up, the ships themselves are important, but the mariners who man them are probably just as important because I can't necessarily make a mariner.

It takes 10 years to get a mariner trained and experienced and licensed to be a master on one of these vessels or a chief engineer. I can't turn the faucet on and just say, okay, I ramp up and suddenly they are there. I talked about the fact that we need cargo to have ships. I need ships to have mariners. The mariners are probably one of the most important complements of that, and it is not easy to ramp those up.

Mr. RUNYAN. I know but also in the same way, to really train mariners, you are going to have to be moving them around and you are going to have to have cargo on those ships. So it is, you know, what is first? The chicken or the egg? I mean, it is a little bit frustrating. I mean, I really, I think we understand the need for it, but how do we sustain it? Any suggestions there?

Mr. JAENICHEN. I think the important aspect of sustainment is to continue the funding of the programs that are currently in place. The Maritime Security Program which is currently funded at $186 million a year and is in the request for fiscal year 2015 at the same funding level, that to replace that capacity would cost the Department of Defense significantly more than what we are currently expending. So I think that is the first piece that we have to do.

The second piece is to take a look at what other cargo opportunities and to take a look, that is what we are doing with this national

maritime strategy, to evaluate ways to be able to get cargo on these ships to make sure that they are economically viable. One of the challenges that we have is for a number of reasons the cost to operate under U.S. flag, as Admiral Brown pointed out in his opening remarks, is somewhere between $5- and $7 million on an annual basis.

The amount that we pay them under the MSP program stipend barely covers 50 percent of that amount. So in order to make up that amount, we have to either have government-impelled cargo through cargo preference or civilian cargo. Absent that, and now that we have these decreasing cargos, both on the DOD side and other preference cargos that we have here in the U.S., the program, when it was developed in 1996, relied on three things: it relied on the stipend amount; it relied on the cargo commercially available; and it relied on government-impelled cargo.

If you change sort of the tenets of the program where you lower one, you are going to have to figure out how to increase the other two, and it doesn't look like that the preference cargo is going to increase any time soon, so we have to look at those other levers to be able to maintain those ships in the program that are vitally important.

The mariners, as I talked about, those mariners that are sailing commercially today are the same mariner pool that mans our government sealift ships. If I don't have the commercial ships operating, I don't have access to the mariners, and so I have now lost that surge capacity that we are currently maintaining.

Mr. RUNYAN. Thank you.

Chairman, I yield back.

Mr. FORBES. Gentleman yields back.

Before I recognize Mr. Larsen for his questions, I would like to ask unanimous consent that non-subcommittee members, if any, be allowed to participate in today's hearing after all subcommittee members have had an opportunity to ask questions. Is there any objection?

Without objection, non-subcommittee members will be recognized at the appropriate time for 5 minutes.

And now, the chair recognizes Mr. Larsen for 5 minutes.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. Jaenichen, thanks for being here. Can you cover in a little more detail the impact on the employment base on the mariner availability and mariner training; and are you looking at that as part of the maritime strategy, not just from a broad strategic perspective, but are you going to try to describe that in a little more detail year to year or every 5 years what it might mean for mariners?

Mr. JAENICHEN. Thank you for the question, Mr. Larsen.

There are two things. One, today the licensed mariners that are sailing internationally, or blue ocean or deep ocean, as we refer to them, is about 4,100 officers and about 7,600 what we call unlicensed that operate the ships. Typical crews themselves, we will continue to take a look at that. The key piece of this as we take a look at the age demographic, we coordinate very closely with the maritime unions to make sure that we are able to man not only our commercial ships but also our government sealift ships.

We have mariners on our reserve sealift ships today that are in surge, the Ready Reserve Force. About 460 mariners are employed to do that. So we have some of the experience and capacity, but I require in excess of, you know, 1,200 additional mariners if I activate all of those ships. That has to come from somewhere. So the actual national maritime strategy will focus on the floor for the number of ships in the program has to be able to support the Department of Defense requirements, specifically for the sealift requirements for TRANSCOM. That is the floor. Our intention is to make sure that we are well above the floor so that we are not at risk.

I am concerned today about the number of mariners and the ability to be able to man our vessels, if they were activated, for much longer than the time that they potentially needed. As I pointed out in my opening remarks, 6 to 8 months is all we estimate with release to be able to sustain that. Without that, those crews would have to go indefinitely on the ships, and that is just not the way we operate them.

Mr. LARSEN. Yeah. So can you explain that 6 to 8 months timeframe again?

Mr. JAENICHEN. That 6 to 8 months is, normally the crews, when they go on the ship, at some point in time and it really determines, you know, it is based on the ship manager, it is based on the ship, it is based on the company, at some point in the future, they have to have a rotation. We estimate that there is, you know, about 2.2 times the number of mariners that is required to be able to man the number of billets on that vessel, so you have to have a relief crew that is available.

Mr. LARSEN. Okay. Great.

And then, Admiral, I think it was you—well, you probably all discussed recapitalization, but, perhaps it was in your testimony on recap, can you talk a little bit about what that cost is and how you are thinking about how we should be thinking about doing that?

Admiral BROWN. Yes, sir. Right now we see there is kind of a near-term issue in the 2017 to 2026 timeframe that we are losing about nine vessels, we could lose nine vessels if we don't extend the life of some of them and then we have a longer-term problem where more ships would age out. So right now we are focused on the short-term problem between now and 2026, and we are working with the Navy as well as MARAD to come up with a hybrid solution that would look at potentially building new U.S.-built ships for the Navy that we would get the ships that they replace and put them in the surge force.

The other option would be to extend the service life of some of the ships that we already have. So we are looking at those combinations, and we owe basically in the 2017 budget a plan and I think there will be other requirements to come back here and discuss our plan in more detail.

Mr. LARSEN. On the life extension, is it going from 40 to 45 or just going out to the 50 years?

Admiral BROWN. It would go from 50 to 60 years. So what we have to do is we have to start making those decisions early because if we are going to take them out of the fleet, we would stop doing normal investments that would keep them active. So we would

have to, you know, continue to invest in them and then they would also have to have perhaps some, you know, additional shipyard work and whatnot to extend them.

Mr. LARSEN. Okay. Thanks.

And then just because it is a—not just because, I mean it is important, as well, but MLP *John Glenn* was at Naval Station Everett for about 6 months and left not too long ago. But what is our MLP plan?

Mr. DILISIO. Right now we have got an MLP assigned to both MPSRONs [maritime prepositioning ship squadrons], and so what they basically represent is a feature ship. So they don't carry cargo, per se, but they allow the opportunity for teaming with an LMSR [Large, Medium-Speed Roll-on/Roll-off] so that you could break down that LMSR or its cargo or its vehicles very quickly. I don't know if you got a chance to see its modified version when it left, but basically there were three ways for the LCACs [Landing Craft Air Cushion] to board, plus a landing spot and a ramp situation so it could interface with the ships we have just been talking about.

Mr. LARSEN. And I am sorry, just quickly, the numbers we are building?

Mr. DILISIO. Two.

Mr. LARSEN. Just the two.

Mr. DILISIO. Two of that variety.

Mr. LARSEN. Two of that variety. Thank you.

Thank you, Mr. Chairman.

Mr. FORBES. The gentleman yields back the balance of his time.

The gentleman from California, Mr. Hunter, is recognized for 5 minutes.

Mr. HUNTER. Thank you, Mr. Chairman.

I am going to get parochial stuff out of the way first. You just talked about MLP/AFSB [Afloat Forward Staging Base]. I think there is a 3- or a 2-year gap at NASSCO [National Steel and Ship Building Company] where they are in a trough over the next 2 years, and they are talking about getting lead-time funding for the second MLP.

Are you familiar with that, Mr. DiLisio? Any thoughts on that?

Mr. DILISIO. I am familiar with the discussion. I would probably take that one for the record, in that it was——

Mr. HUNTER. Please.

Mr. DILISIO. [continuing]. More appropriate for the Secretary to answer that one than me.

[The information referred to can be found in the Appendix on page 65.]

Mr. HUNTER. No, I think it is appropriate for you, because it is a Navy ship. It is not a transportation ship. But anyway——

Mr. DILISIO. No, I mean the Secretary.

Mr. HUNTER. Oh, the Secretary of the Navy. Yeah. Okay. We will get him in here.

Number two, I want to thank the chairman for doing this. I think this is one of the most important things we have that we do here, and we are facing a time in Congress right now where people don't understand why you have cargo preference. We are fighting food aid cargo preference. Ex-Im [Export-Import] Bank goes away;

that is cargo preference. These numbers are going to drop and this is how America goes to war.

When America has to go to war, it uses these ships every single time. This is how I went to war. In 2004, I actually loaded a RO/RO [Roll-on/Roll-off] in San Diego. I was the embarkation officer, some horrible title that the newest guy gets. That was me. Anyway, drove everything down, got on the RO/RO, we unloaded it in Kuwait and went up into Iraq in 2004. So this is important, and I think Mr. Runyan alluded to this, it doesn't seem like it is sustainable.

You said, Admiral, you don't have a timeframe on the 60-ship study. Is that right or no?

Admiral BROWN. On the 60-ship study, I don't think I——

Mr. HUNTER. Am I talking about the right study? The report on 60-ship requirement U.S. TRANSCOM is doing. I thought Mr. Larsen just asked and you say you don't have it?

Admiral BROWN. Well, the study that I think you are referring to is one that OMB [Office of Management and Budget] has asked for that is going to look at the——

Mr. HUNTER. Okay. Do we have that one?

Admiral BROWN. We are working on that, sir, and we should have the results of—and that won't just focus on the 60-ship requirement. It will look at the entire industry and see what——

Mr. HUNTER. Is that going to play into the strategy that administrator——

Admiral BROWN. That will be going into that, too, sir.

Mr. HUNTER. Okay. Let me see. Talking about military useful RRF [Ready Reserve Force] ships. The Navy had said that they have some requirement policy changes that would have to go into effect to stop simply building or maintaining the RRF fleet but building new RRF ships that are basically dual use.

So to both Admiral and Mr. Jaenichen, what is happening with that? Are you familiar with that, dual-use RRF ships?

Mr. JAENICHEN. I am. In fact, I had a discussion with the Department of Navy yesterday on that specific issue, and we are looking at how we might be able to do that. One of the challenges that we saw in the dual-use component of that is how you use them in civilian trade and then be able to pull them back because the civilian sector from a Marine highway or however we would employ them don't necessarily have the ships to backfill.

Commercially, if you were a company, typically you will have four or five ships in a liner-type service. If you pull one out you might still be able to——

Mr. HUNTER. But the RRF is only used in time of actual war, right?

Mr. JAENICHEN. That is correct.

Mr. HUNTER. So you would say, hey, stop this route, you are going to go to war?

Mr. JAENICHEN. Correct. And so the question is, does that make it economically viable going forward? Because once the shippers don't have cargo——

Mr. HUNTER. But they get paid by the government during the time they were used as RRF, right?

Mr. JAENICHEN. Maybe, but then the question is, is do the shippers come back when the ships are done doing what they are doing in terms of their activation? That is one of the challenges that we are looking at from that standpoint.

Admiral BROWN. Sir, can I add that you also have to look at the size of those vessels, would they truly be military useful. And so if they are too small, we are talking about, you know, moving BCTs [brigade combat teams] not, you know, platoons here.

Mr. HUNTER. Right. Okay.

Mr. JAENICHEN. Mr. Hunter, to the admiral's point, what we have found in all of our studies is the type of ships that were available to be able to use in some kind of a Marine Highway Program are either self-propelled barges or articulated tug and barges kind of things to be able to move that equipment. Those are not necessarily the most militarily useful, but they would be the best in the commercial program if we were looking at it.

Mr. HUNTER. The Navy also had, and this ties along in with this, the Navy did have proposals—I haven't seen those specific proposals—on how to at least start using dual use. But have you started using those? Have you started implementing them? I mean, are you looking at them, or we are not sure yet?

Mr. JAENICHEN. No. In fact, what we have talked about is what kind of legislative proposals, what kind of policy——

Mr. HUNTER. There have to be policy changes, right?

Mr. JAENICHEN. There would be some policy changes that are required.

Mr. HUNTER. Like what?

Mr. JAENICHEN. Well, as we take a look at it, how do you make the funding stream be able to work that? How do you make a stipend payment work? For example, some of the investment that would be required to be able to build those ships has to come from somewhere, and the question is, is where did it come from without sacrificing a port of the surge sealift capacity that is currently there?

Mr. HUNTER. You would stop maintaining the RRF fleet and simply build new ones. You would use the maintenance fund, right?

Mr. JAENICHEN. And then we would start taking risk on the ships if they were activated during the period of time as we ramp up, in terms of how—so we have to evaluate how we would do that. Then, obviously, there is some legislative changes. As you know, in order to recapitalize the Ready Reserve Force there is a U.S.-build requirement to be able to support that recapitalization.

Mr. HUNTER. Thank you, all. Appreciate it.

Thank you, Mr. Chairman.

Mr. FORBES. I think the gentleman from California raises some good points that all of you gentlemen, I think, agree with. And the main thing is that this myth that this is a faucet that we can turn on and turn off is just not accurate, because as the ships get reduced, also our industrial base to repair the ships get reduced.

And, Mr. Jaenichen, as you pointed out, then our workforce suffers and it takes you about 10 years just to train one captain to be able to handle one of these ships.

Mr. Courtney, you are recognized for 5 minutes.

Mr. COURTNEY. Thank you, Mr. Chairman. Actually, your comment sort of, I think, segue into my question for Mr. Jaenichen.

Again, your written testimony refers to the fact that MARAD is working on developing a national maritime strategy with stakeholders. Again, when we look at the U.S.-build requirements which you just talked about and the impending, you know, aging-out of the existing fleet, along with, again, a lot of the other issues that have come up in the question.

Maybe you can just sort of step back and talk a little bit about this national maritime strategy, you know, what is happening with it, how you visualize it unfolding, because I think at some point I think a lot of us need to get our heads around that to work with you.

Mr. JAENICHEN. Thank you, Mr. Courtney, for the question.

First, in the development of the national maritime strategy, we have actually had two strategy symposiums. The first one was done in January. It was specifically focused on the international trading fleet, which is where I have my most concerns, because that affects the mariner pool that is used by both the strategics on the commercial side and also on the surge sealift side.

The second one we did in May and that was focused on the inland industry. It was also focused on shipyards, and then we had some cross-cutting themes of labor and environmental and those kinds of things. We also focused on that particular one on port and port infrastructure.

What we have done so far is we have drafted a strategy. We have created a document that provides a number of options. On the 14th of August I am going to share that with the Marine Transportation [System] National Advisory Council [MTSNAC] to get their recommendations and once we have had an opportunity to work with them to try to sort of dig into the actual details of the options that are available, our intent would be that we would then open it up for public comment later this year after we have had a chance to do that.

But our first meeting with this national advisory council that we have, MTSNAC as we refer to them, is going to happen on the 14th of August.

Mr. COURTNEY. So, again, to take it to the next step, public comment occurs. I am sure there is going to be a lot of comment. I mean, is there going to be a window of time for that, and then there will be sort of a final-final as far as some kind of document that will get generated?

Mr. JAENICHEN. Yes. And our proposal would be that we would have some kind of a strategy that has been vetted and we resolve the public comments by the end of this year. I think we need to be able to provide the new Congress an opportunity to work on these particular issues, and there is a number of them from policy to legislation.

I mean, there is a whole host of possible options. Some of them are much harder than others to be able to accomplish, but it is going to have to be done in some way, shape, or form, because I think we are at that point where we have to do something about the maritime industry in this country.

Mr. COURTNEY. And I would assume that, you know, the topic we are talking about today is going to at least be part of that overall strategy. Is that a pretty safe assumption?

Mr. JAENICHEN. In fact, as I talked about before, the floor of our strategy in terms of the ships that are required to be under U.S. flag is really a DOD requirement to be able to make sure that they have the capacity to be able to support national security. We would obviously like to be well above that, because as you get sort of the to the line, you start assuming more risk and I don't think we want to be in a situation where we risk not being able to globally project power through our Armed Forces, and that is one of the reasons why this strategy.

So the sealift strategy that is a component of the national maritime strategy is something we are closely coordinating with TRANSCOM and Navy in terms of how you would essentially structure that to be able to support. You know, obviously, we have to take a look at what future requirements will be because that will dictate the size of that U.S.-flag fleet.

Mr. COURTNEY. So, again, looking forward to the 114th Congress, we are talking January, February, March, something in that timeframe in terms of the Seapower Committee having the opportunity to sink, you know, their teeth into it?

Mr. JAENICHEN. That would be my intent.

Mr. COURTNEY. All right. Thank you.

I yield back.

Mr. FORBES. Gentleman yields back.

Mr. Johnson is recognized for 5 minutes.

Mr. JOHNSON. Thank you, Mr. Chairman.

Mr. DiLisio, how did the Department determine the cost of the procurement of the T–AO(X)?

Mr. DILISIO. Basically, we did a complete study of the current oiler base, the *Kaiser* class, to determine what pieces of the *Kaiser* class gave us our acceptable requirement set. We took the *Kaiser* class, increased some of the freeze chill [cargo-carrying] portions, increased the lift so we could handle heavier lift, readdressed speed requirements so we have an array of different speed requirements that we went and looked at which would bring you different propulsion sets.

So basically, we are looking at what does a carrier need to take oil and provisions? What does the rest of the [carrier] strike group need? So you get a strike group answer, you get an ARG [Amphibious Ready Group] answer, and then you get basically a rest-of-the-strike-group answer. So we were looking kind of at middle of the road. We have a very good class of ships right now in the *Kaiser* class, so we didn't have to go too far from the *Kaiser* class to get to something that we liked.

Then we want to use the competition in the industry to take us the rest of the way with some interesting ideas on how to manage energy, get the O&S [operations and support] cost down and see if we can get the number of mariners down, as well. So basically, we are pretty happy with our current oiler. What we are looking for is something new, something as fast as we could get it that could do multiproduct and continue the workhorse development that we currently enjoy.

Mr. JOHNSON. Does the cost reflect the balance of cost and capabilities of the T–AO(X)?

Mr. DILISIO. Right now, we have it right around $680 to $690 million for the one that we have got a draft CDD [Capability Development Document] for as we sit here right now. I think we will hold right there with that amount, so I don't think we need to go any higher than that to meet our current requirements. So I think I am pretty comfortable in telling you that we are ready to start as soon as we get through joint staffing with our CDD, and we are not far from a 2016 start with the current requirements we have, very comfortable with them.

Mr. JOHNSON. If ship capabilities exceed program costs, will the Department cut back on operational requirements?

Mr. DILISIO. As I am sitting here now, they don't, and I don't expect that they will because the things that would have stressed the current oiler were things like a heavier lift capability so that we could send greater loads of cargo between ships. I believe we have that covered. We have the ability to land aircraft that we need to be able to land and refuel on that deck, which is another new requirement above and beyond *Kaiser* class. I think we have that covered. So I am pretty comfortable right now that is a tradeoff we don't have to make.

Mr. JOHNSON. Thank you.

Can you explain how the Department, Mr. DiLisio, intends to conduct competition to build the T–AO(X)?

Mr. DILISIO. Yes, sir. We will put out an RFP [request for proposal] with the requirements for the oiler in it. There will be areas where the bidder will be able to associate bill of material selections and/or arrangements. It is a commercial-base ship, so there is a couple of very good offerors out there that know a lot about building these commercial ships. So they will be able to handle the bill of material as they put their competitive pricing together, and we will take the best value between capability and price once we get a chance to see those bids.

Mr. JOHNSON. Now, do you anticipate that multiple teams will be used to build the ship? And also, if you could give me some idea of your potential bidders?

Mr. DILISIO. I believe we have qualified builders out there that will—I mean, I would not want to presuppose how they would go about bidding this, because primarily that is their own business strategy, so I wouldn't want to get in and try to predict how they may come at this piece of the business. But the industrial base is fully capable of building them, so I expect multiple bidders.

Mr. JOHNSON. Thank you.

Vice Admiral Brown, does the U.S. have enough commercial and organic capacity to meet your requirement?

Admiral BROWN. Sir, thank you for the question.

We do right now. However, we, in our organic surge fleet as well as our commercial capacity, but as we discussed a little bit earlier, we are concerned that we may be coming closer to a tipping point where our ability to man some of the surge fleet would be at risk if we lose additional international trade, so that that is our main concern right now. The other piece is, as I discussed, is our recapitalization plan that we have to put in place here in the near term.

Mr. JOHNSON. Thank you.

Mr. Chairman, I yield back.

Mr. FORBES. Gentleman yields back his time.

And Mr. Garamendi is recognized for 5 minutes.

Mr. GARAMENDI. Mr. Forbes, thank you so much for the courtesy of allowing me to join your hearing. Mr. Hunter and I share responsibility on the Coast Guard maritime and therefore this discussion is very relevant to that as well as to the Armed Services Committee, so thank you.

A whole series of questions have been asked, many of which I would have taken up, but the Ready Reserve Fleet and the recapitalization of it, I think, Admiral Brown, you and Mr. Jaenichen have talked about a timing and a proposal that you are going to be putting together to deal with that piece of it. Could you explain that in a little more detail?

Admiral BROWN. Sir, right now our commitment from the Navy is to put together a plan that would first be introduced in the fiscal year 2017 budget.

Right now, there is not a requirement in the 2015 or 2016 budget, but we have to work out the details of the eaches of each ship that would be retiring and have a replacement square footage for those vessels.

Mr. GARAMENDI. Okay. So that would include not only the design of the ship, the cost of the ships, when that money would be necessary, when the construction would take place. Does it also include the issue of refurbishing or refitting the existing ships?

Admiral BROWN. Yes, sir. If we decide to execute and extend its service life of some of the vessels that could be aging out, we would require investment to extend the life.

Mr. GARAMENDI. So we are going to be faced with a significant budget and appropriation issue here as this comes online; it's not now in the process, it is not in the plans going forward. Is that correct?

Admiral BROWN. Right. It is not currently in the plan, but we have commitment from all the parties that we need to develop that plan.

Mr. GARAMENDI. Okay. Does that include the Army?

Admiral BROWN. The Army is a part of that discussion, yes, sir.

Mr. GARAMENDI. I would think so, unless they decide to——

Admiral BROWN. They are a major customer of sealift, yes, sir.

Mr. GARAMENDI. Mr. Jaenichen, could you also address that same question?

Mr. JAENICHEN. Well, one of the things I think that we have to take a look at is in addition to the recapitalization, we are going to have to collectively take a look at what the requirement is.

And your point about the Army, I think, is a critical one in terms of what we have to lift and how we would have to lift it to be able to support the Department of Defense's operational planning and so as we take a look at the ships, the admiral talked about the eaches. You know, for example, several of the ships we had, the majority of them that are in the Ready Reserve Force are Roll-on/Roll-off type vessels. And so some of the replacement vessels that we may take a look at might be larger and have more capacity.

In the admiral's written statement, he talks about the fact that the RRF has about 1.6 million square feet of capacity that will potentially go out of service and age out at the 50-year point within the next decade, and we have to think about, you know, how we do that. So for example, we may have, you know, two or three ships that age out, but you could replace it with one and have similar capacity. So we have to think about all of those things together.

Mr. GARAMENDI. Since this particular issue bridges two committees, two very different committees, it would be very helpful to me, and I suspect to our committee, Mr. Hunter's committee, to work with you between now and 2017 budget proposal, so that we can be aware and provide whatever insight we might have.

This next question goes to Mr. Jaenichen and it has to do with the incentives that do exist in current law Title XI, the CCF [Capital Construction Fund] program, the small shipyard grant program. How does that integrate into what we are discussing here on this Ready Reserve and the MSP program?

Mr. JAENICHEN. The Title XI program is really a commercial ship loan guarantee program. Currently, we have—as part of carryover—we have not approved an application since 2011. We are in the process of approving several. We have about $73 million in carryover, which supports about $750 million or so of loan applications. So we are actually in good shape in terms of what we have currently in the queue.

However, right now there are 30 vessels that are currently on order, under construction, that includes tankers, articulated tug and barges, large ocean-going supply vessels and container vessels, and some of these are LNG [liquefied natural gas] powered, as you know, that are being built down in NASSCO [National Steel and Shipbuilding Company].

We know that there are more applications that will be coming, and so we will have to evaluate how Title XI would be funded going forward to be able to assure that we can support that.

Mr. GARAMENDI. Do you personally have constraints—do the constraints, are they going to limit your opportunities or the opportunities of shipbuilders?

Mr. JAENICHEN. You are talking about constraints in the funding that we have available?

Mr. GARAMENDI. The amount of money.

Mr. JAENICHEN. We may be at that point here within the next 15 to 18 months depending on the applications and again, the applications that come in, we have to, you know, validate through a very rigorous process their financial viability, financial soundness to be able to get to the point where we can actually guarantee that loan.

Mr. GARAMENDI. Yeah. As a guest to this committee, I am 4 seconds over.

Mr. Forbes, thank you for the courtesy.

Mr. FORBES. I thank the gentleman for his questions.

I think all of our Members have asked their questions. As I mentioned at the beginning, I deferred my questions just to have a few for you for the record if we could ask them.

The T–AOEs are the Navy's largest and fastest logistics ships. The Navy has proposed to reduce two of the four ships that each

have over 10 years of service life remaining. Former strike group commander Rear Admiral Tom Shannon suggested that the T–AOs and the T–AKEs inability to keep up with carrier strike groups would be a significant problem.

From a warfighting perspective, from how we operate and exercise, from one-stop shopping from one ship as opposed to bringing along two slower ships, I just think keeping the T–AOEs is a very practical way to go.

Mr. DiLisio, from a warfighting perspective, how does a T–AOE fit into our ability to project power? Will the reduction in T–AOEs impair ability to project power? And how will our ship logistics be changed as a result of the introduction of a less-capable platform?

Mr. DILISIO. Thank you, Mr. Chairman. It is no surprise to me that a strike group commander would want an AOE as the fastest ship because it does make things a little easier. The time alongside for an AOE replenishment of a carrier is about a 6-hour evolution. That evolution can—I am sorry, a 4-hour evolution, pardon me. The AO and AKE pair will do the same evolution in about 6. So the capability is there; it may not be the preferred capability, but the existing force is actually matched up pretty well to do those types of replenishments at sea. The 2-hour loss——

Mr. FORBES. Isn't that once they arrive?

Mr. DILISIO. In most cases, they are already in theater waiting, because they are forward-hubbed. These are not necessarily having to keep up with the race across the oceans. All of the oilers and AKEs are forward-hubbed, so they can be preplaced, so it is a matter of understanding and being able to manage the battle space. That is one piece.

The second piece is, we still need to come through an analysis we are actually in right now with fleet commanders to make sure that we have got that right. As I am sitting here today, we have not made that decision. We are still discussing it. They get a vote in that position. There are only four AOEs as we sit here right now. They don't enjoy any more protection of themselves than an oiler or an AKE does in a theater of battle, and when you get into a more stressful situation, you need 14 oilers to take care of that situation.

So this is really not just about AOEs, it is about the total force and whether or not you can bring the amount of oilers to bear on a most-stressing scenario which is 14; and in peacetime, it is actually the inverse of what you might think. In peacetime, the oiler demand is actually higher because we disperse the force in a greater regard across the globe. So when you have a wartime scenario you are very focused, which allows you to keep a smaller number of tankers in the mix. Peacetime, they are everywhere.

And so right now, even if we were to get rid of the two AOEs, we would have enough tankers to go perform the missions we need to with little to no surge we would be right on the number.

And again, I am not surprise that Admiral Shannon would want an AOE. It is a very capable vessel, but it also carries a very capable and impressive O&S cost.

Mr. FORBES. Admiral, you have just heard what Mr. DiLisio has said, that he wasn't surprised that a strike group commander would want a particular asset. We often hear that with our

COCOMs [combatant commanders], when we look at their requirements in this gap that is being developed between what they are asking and what we are actually giving them. And oftentimes when we ask that question, we hear a similar response, so I am not surprised that the COCOMs would want all this.

What is your feeling in dealing with COCOMs on a regular basis, and our strike group commanders? Are they asking unreasonable things, or are they pretty much on the mark? And then the other part of that is, if sea control will be increasingly contested in the coming decade, should we reconsider the need to build a T–AOE(X), or at least replicate this capability as was planned earlier in the last decade?

Admiral BROWN. Sir, thank you for your question.

Working with the COCOMs is something that we do every day in our planning. As you know, the demand around the world for, I would call them smaller contingencies, has actually gone up. So the COCOMs in my experience that have been stationed at EUCOM [European Command] do not ask for over what they think is necessary, so it is a natural tension. We are in the process of looking at different ways of providing forces forward.

So there will be an ongoing discussion with the COCOMs about forward-deployed assets and what they ask for. But in general, I think, they are not asking for things that they personally feel are not required for executing their plan. And one of the advantages that TRANSCOM has is we are able to pool our assets and swing from one COCOM to the other rather quickly. So by assigning the forces in the pool, that is somewhat of an advantage to be able to swing quickly.

With regard to access, anti-access in future fights and whatnot, we would in the scenarios that we look at, we would definitely need, if we were going to take a major combat operation and go forward to a location with our reserve surge fleet, we would have to have at least a semi-permissible environment so we would have to set the conditions to do that ahead of time. And we have done that in the past, in history, and we would have to continue to do that in the future. So in terms of protecting ships as they go across, we, just so you know, we don't have a lot of attrition built into our modeling. So that is not something that we really build in there. So we would have to——

Mr. FORBES. We have heard some testimony before this subcommittee that perhaps as we look at what the Russians are doing now, the Chinese are doing, maybe that assumption we have had over the last decade or two that we were going to have those permissive environments may at least need to be relooked. Do you disagree with that testimony, or would you——

Admiral BROWN. I concur, I would say they are being relooked and they are being exercised. And we stay plugged in with the COCOMs during all those exercises.

Mr. FORBES. Okay. Last year, the Navy placed one of three maritime prepositioning squadrons, which specifically supported the European commander, in layup. This reduces the flexibility of the combatant commander from having Marine Corps equipment available in Europe in case of a major Marine Corps deployment. Can you quantify the loss of the European Command maritime preposi-

tioning squadron on the ability of EUCOM to project forces in Europe?

Admiral BROWN. Sir, those, the ships that were involved there, they remain in our surge capability. So from a square footage standpoint, we maintain the same amount of square footage. So by bringing those forces back to the United States, it adds somewhere around two weeks or so to our ability to surge to that requirement should we need to in the future.

Mr. FORBES. Admiral and Mr. DiLisio, during the Cold War, Combat Logistics Force ships were manned by U.S. Navy sailors and armed with defensive systems to protect against air and surface threats. Are there significant cost savings to the current MSC [Military Sealift Command] model if the blue waters become contested and the U.S. Navy is going to once again have to fight for command of the seas, should we be considering recommissioning a select group of Combat Logistics Force ships back to the United States Navy?

Mr. DILISIO. Thank you, Mr. Chairman.

You have acknowledged the cost differential. Their cost would be very large. The current AOE does not enjoy any self-defense weapons either. What we would need to do is, one, continue to recapitalize our *Kaiser* class oilers because they are about end of service life anyway, and we are going to have to start capturing data on their performance. There is always a tradeoff between whether or not the escort can provide that coverage or whether the ship has to provide own ship coverage, and I think we have to go look at those trades.

Right now, survivability is being studied, and I believe we have done some briefing on carrier survivability and the CLF [Combat Logistics Force] survivability right alongside. Right now, we enjoy escort-type protection, and so we would have to come through that conversation that said either that wasn't good enough or we wanted to do something in addition or something layered. We don't have any plans currently to do that.

Mr. FORBES. Okay. I indicated to all three of you before that at the end we were going to give you any time you needed to add to the record whatever you think we have not asked or to clarify anything that you feel was perhaps misrepresented.

So if at this time we could do that, and Mr. DiLisio, why don't we start with you and we will work back, if that is okay.

Mr. DILISIO. Thank you, sir.

Two things and I will be brief. My comment on the strike group commander is but one strike group, and there is a worldwide balance of Combat Logistics Force necessary. So the balance, and you will find Rear Admiral Shannon as the head of Military Sealift Command today, is now challenged with his global force management and supply across the entire world, not just one strike group. So I wasn't trying to insinuate that he has asked for something that he should not get, but that asset may be somewhere else in the world inventory, and there is usually more than one thing going on at a time. That was one.

Secondly, the entire conversation that we have had about sealift has been primarily in the surge and sustainment shipping area. What I would propose, and what my partners and I have talked

through, is getting the services to the table to talk about how we address prepositioning, how we intend on the sharp end of the stick to perform and deploy forces, has a lot to do with how we then surge behind it and how we replenish and how we do sustainment operations.

So I introduced in my oral statement three different disciplines that we need to think about in this regard, and not just buying a one-for-one replacement for square footage on the surge side of this.

So if investment is tight, we need to make sure across this entire three-tiered formula that we have got the investment right and we put it in the right place.

Thank you, sir.

Mr. FORBES. And I didn't mean to indicate that you were belittling the strike group commander's comments. But I did want to make it clear, because we hear this oftentimes as we are doing all this dismantling of the military, when they come and they say, no, this is acceptable risk, et cetera, and when we say, well, the COCOMs are telling us this or the strike commanders are telling us this, it is kind of like they get poo-poo'd like, you know, they just reach for the sky.

That really isn't true because if all the stuff breaks down, they are the guys we are looking to to make sure that we are winning these conflicts, and I think we need to pay attention to what they have to say.

Mr. Jaenichen.

Mr. JAENICHEN. Thank you, Mr. Chairman.

First of all, I would like to just point out that the U.S. Merchant Marine, both the vessels and the mariners, are a national asset. As we take a look at the ability to project forces globally, it requires a capable U.S. Merchant Marine both from a standpoint of having vessels that can do it and the mariners that are able to be there, and so we need to have that capacity.

We can invest billions in infrastructure, but one of the critical components is the number of the mariners to man that infrastructure, that equipment to be able to do that. And we want them sailing commercial, if it is possible to be able to do that. We don't want to be able to maintain them in a reserved capacity and then man them up and spool them, as you talked about, opening the faucet. It is better to have them trained and operating all the time than it is to be able to keep them in reserve status and hope they are ready when the time comes.

We talked a little about the Maritime Security Program. That program is under pressure. The House has proposed a $20 million cut to that program of $186 million. That $20 million cut equates to essentially the loss of about seven ships in that program and the reason I state seven is because it is a delta between 18.6 and 21.7, which is the $3.1 million a year, which is the annual stipend amount.

That force of 60 ships supports 2,700 mariners. As we have talked about throughout this testimony, the mariners are the critical component of this. Those 7 ships, if you lose them, you lose, you know, 280 sailing mariner jobs. We need them.

The other thing that we talk about in terms of the MSP is the infrastructure land side logistics that is provided by that fleet of commercial ships. So we want to make sure that we are able to maintain them viable in the commercial trade as well as being able to have preference cargo and support sealift requirements for sustainment for the Department of Defense.

With the cargos reducing, specifically on the DOD side, which historically, at least over the last decade or so, has provided about 87 percent of the revenue for the U.S.-flag fleet and about 70 percent of what I would call the total capacity in terms of dry bulk cargo that has been moved on these ships. With that reducing, we have to evaluate how you keep those ships viable in the program.

As I talked about in my testimony, the levers that are available to us are to identify ways to get additional commercial cargo. They are competing against foreign-flag, which their cost on a daily average could be as low as $5,000 a day; for a U.S.-flag it is $18,000 to $20,000 a day. That is a very difficult delta to make up.

And so the other lever we have is the stipend amount, and that has to be considered to be able to ensure that we have and are able to maintain this fleet viable and capable to be able to serve us from a national security standpoint.

Mr. FORBES. Mr. Jaenichen, as I think you have also pointed out very clearly, there is a domino, a ripple effect with all of this. As you have fewer ships, you lose actually some of the repair capabilities in the industrial base to fix other ships, and then you create a culture that is difficult to get the workforce that you need to have in to do the job that you need to have done.

So Congressman Hunter and I were talking before he left about trying to do something jointly, working with you to make sure we help fill those gaps.

So thank you for the good work you are doing.

Mr. JAENICHEN. Thank you, Mr. Chairman. Appreciate it.

Mr. FORBES. Admiral, we will give you the last word.

Admiral BROWN. Sir, first, thank you for your committee taking the interest in talking to us.

I think one of the concerns that we continue to have is, that we didn't discuss, is the Budget Control Act potential there that would have impacts across many, many programs, but it definitely would impact our surge fleet, as well, and I don't think Mr. DiLisio could work miracles in that situation. He has up to this point.

Sir, TRANSCOM has to be ready 24/7 to be able to react to a small contingency or a large contingency. We are adequately positioned to do that today, and we appreciate the support that we get from you in that regard. Our requirement has not significantly changed because we are coming out of Afghanistan. We have to maintain the capacity that we have currently.

Mr. Jaenichen mentioned the need to ensure we fully fund the MSP program and we talked about the recapitalization plan that we have to come back to the committee with in the near future.

And lastly, I would like to conclude by thanking the maritime industry, the mariners that sail every day commercially and, you know, on our organic fleet in the Navy. They truly are our heroes, and they allow TRANSCOM to do our job every day.

So thank you very much, sir.

Mr. FORBES. Admiral, and both of you, gentlemen, thank you so much for your service to our country. Thanks for sharing this time with us, and we look forward to working with you in the future.

And if there is no additional comments or questions, we are adjourned.

[Whereupon, at 3:09 p.m., the subcommittee was adjourned.]

A P P E N D I X

JULY 30, 2014

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

JULY 30, 2014

Opening Remarks of the Honorable J. Randy Forbes,
Chairman of the Seapower and Projection Forces Subcommittee,
for a hearing on
Logistics and Sealift Force Requirements and Force Structure Assessment
July 30, 2014

Today the subcommittee convenes to receive testimony on Logistics and Sealift Fleet Requirements. I want to welcome our distinguished witnesses and appreciate your time and efforts on this most important issue. Specifically, I want to welcome:

- The Honorable Paul N. Jaenichen, Sr., Maritime Administrator, U.S. Department of Transportation Maritime Administration
- Vice Admiral William A. Brown, Deputy Commander, U.S. Transportation Command
- Mr. F. Scott DiLisio, Director, Strategic Mobility/Combat Logistics, Office of Chief of Naval Operations

Gentlemen, thank you for being with us today.

Our committee has repeatedly expressed concern about the direction of our naval combatants force structure and the stress of this sustained surge on our sailors. In the last few months we have discussed the administration's proposal to eliminate an aircraft carrier, mothball 11 cruisers, and continue the overall nuclear attack submarines reductions. Unfortunately, the debilitating impacts not only extend to our naval combatants but also include our combat logistics forces and sealift assets. Some of these reductions are even being initiated by Congress.

Let me highlight some of the choices that are being made. Last year, the administration inactivated one of our three maritime prepositioning squadrons that consisted of six ships. This effectively reduced the capability of our European Commander or Africa Commander to expeditiously provide equipment with the deployment of the Marines as part of a Marine Corps Expeditionary Brigade. In my estimation, this withdrawal from the European theater has contributed to a power vacuum that certain unscrupulous actors will be glad to fill.

The administration also proposed to decommission two of the four fast combat support ships, or T-AOEs. These ships are the Navy's largest and fastest logistic ships, build to support our Navy during peacetime and combat. The Navy intends to deploy two slower support vessels to replace the T-AOEs. While decisions such as this may have been logical in the years since the end of the Cold War, we are now witnessing the return of a contested maritime environment. In short, if command of the seas is no longer guaranteed by the weaknesses of our naval competitors, we may need to reassess the fundamental assumption that has driven recent force structure decisions. I am concerned that the replacement of our fast combat support ships with slower, less capable support vessels will negatively impact the logistics operations of naval fleet and render our forces less capable during times of conflict. I am also concerned with the proposed inactivation of these two T-AOEs, most particularly when they have over 10 years of hull life remaining.

One final example of force structure reductions is one that was proposed by Congress. In the transportation appropriations bill, the committee has proposed to reduce the Maritime Security Program, effectively reducing this sealift program from 60 ships to 54 ships. The sealift

provided by the Maritime Security Program has been instrumental in our ability to surge and provide sealift capabilities to a theater of combat.

As to ship construction, I continue to be concerned about the fragility of the shipbuilding industrial base. At the same time, I fundamentally believe in the power of competition. With the proposed replacement of the Kaiser-class, fleet replenishment oilers by the double hull oiler construction of T-AO(X) in fiscal year 2016, I believe that we need to keep this competitive construction award on track to support the replacement of the T-AO class at the end of their service life.

In conclusion, I think that the combat logistics force reductions are an example of the way some people view our national security. Some people think that defense spending is like a faucet that can be turned on and off. Some people think that reversing these force structure reductions can be quickly managed. Unfortunately, these people are dead wrong. If we allow these reductions to continue and ships allowed to retire before their service lives, we will have misplaced the trust that our fathers have placed in us to continue their vision. If we continue along the path of reckless retirements of our combat logistics forces, we will be unable to reverse this reduction in a time of need and will once again bestow another burden on our children as they seek the American dream.

It is time that we reverse this dangerous trajectory that we are on…

With that, I turn to my good friend and ranking member, the gentleman from North Carolina.

Opening Remarks for Congressman Mike McIntyre
Ranking Member, Seapower and Projection Forces Subcommittee
Hearing on Logistics and Sealift Requirements
July 30th, RHOB 2212

I would like to thank the Chairman and my good friend for having this hearing today. Administrator Jaenichen, Admiral Brown, and Mr. DiLisio, thank you all for your service and welcome. I look forward to hearing each of your comments.

Today we will hear testimony from Maritime Administration, Transportation Command, and the Navy about the Sealift and Fleet Logistics requirements. This is a very important topic and is one that does not often get the attention it deserves. The last mobility requirements study established that there is an enduring need for approximately 19-20 million square feet of Roll-on/Roll-off vessel capacity. This vessel capacity provides the equipment transport for 7 Brigade Combat Teams (BCTs) to any major conflict in the world. Beginning in the very near term, many of the current vessels providing this capacity will reach their expected service life. It is important for this subcommittee to understand how each of the different departments you represent plan to reconstitute this vital capability. I am also interested in hearing whether there are options that might mitigate the loss of some of these ships in the near term. Could we extend the service life of some of these ships? Are there leasing options? Could the Navy purchase ships that age out of the Maritime Security Program and place them in the Ready Reserve Fleet?

The sealift capacity is potentially hindered even further by a pending cut to the Maritime Security Program (MSP), recently-passed in the House

Transportation Appropriations bill. The MSP program provides a modern fleet of U.S.-flagged vessels that are required to be made available upon request by the Secretary of Defense during times of war or national emergency. Since its inception in 1996, the MSP program has been highly successful and has helped ensure the required amount of sealift capacity is always available when needed. We have been told that the current cut may potentially reduce the number of MSP participating ships from 60 to 54. It is critical that Congress have a clear understanding of the impacts a reduced MSP fleet would have on the overall sealift capability.

As we are all very aware, the fiscal constraints we are currently facing do not appear to be going away anytime soon. The Navy shipbuilding account is already strained and is worsened significantly by the Ohio Replacement program coming online. For these reasons, it is vitally important that we have a clear understanding of the sealift requirement and how the Navy, MARAD, and TRANSCOM plan to maintain that requirement in the future.

Again, I want to thank the Chairman for having this hearing today. I also thank our witnesses for agreeing to be with us today so we can be educated on such an important topic.

Statement of

Vice Admiral William A. Brown, United States Navy

Deputy Commander, United States Transportation Command

Before the House Armed Services Committee

Subcommittee on Seapower and Projection Forces

On "Logistics and Sealift Force Requirements and Force Structure Assessment"

July 30, 2014

The United States Transportation Command (USTRANSCOM) is a Total Force team of Active Duty, Guard, Reserve, civilian, commercial partners, and contractors providing global mobility to rapidly project national power and influence anywhere, anytime.

During large-scale operations, sealift is the primary means for deploying the majority of equipment and sustainment for ground forces, and is essential to building up combat power to meet Geographic Combatant Commander (GCC) requirements. In a typical combat operation, over 90 percent of all cargo is delivered by a combination of organic and U.S.-flagged commercial vessels, crewed by U.S. Merchant Mariners. USTRANSCOM could not accomplish its global mission without the capabilities provided by the U.S. strategic sealift fleets and our steadfast merchant mariners. As the Department of Defense (DOD) postures its forces for the future, sealift will continue to be a key component in ensuring strategic agility and dynamic presence for our nation's military forces.

Prepositioning

Our afloat prepositioning program is managed by our Navy Component Command, Military Sealift Command (MSC), and is an essential element in the DOD's readiness strategy. Afloat prepositioning strategically places military equipment and supplies aboard ships located in key ocean areas to ensure rapid availability during an incident. The 24 vessels in the prepositioning fleet support the Army, Navy, Air Force, Marine Corps and Defense Logistics Agency, and include U.S. government-owned ships and chartered U.S.-flagged commercial vessels. While most ships in the prepositioning fleet strategically place combat equipment at sea, other vessels provide unique capabilities. These unique capabilities include the Mobile Landing Platform, which serves as a mobile option to provide our forces with a critical access capability supporting the flexible deployment of troops, equipment, and supplies, and an offshore petroleum discharge system that can deliver fuel from up to eight miles offshore. Additionally, two aviation logistics support ships from the Maritime Administration's (MARAD) Ready Reserve

Force (RRF) are available as needed to provide the Marine Corps with at-sea maintenance for fixed and rotary wing aircraft.

Government-Owned Strategic Sealift

The government-owned Surge Fleet consists of 60 total "organic" vessels including Roll-On/Roll-Off (RO/RO) vessels managed by MSC and the RRF managed by MARAD. All 60 vessels are critical to DOD's ability to surge and meet global requirements.

The organic fleet is maintained and operated by American ship management companies. These companies conduct all organizational level maintenance, manage the U.S. citizen Merchant Mariners who man the ships, and oversee the lifecycle maintenance of the vessels under MSC and MARAD governance. All of DOD's organic vessels are required to undergo dry-docking overhauls in U.S. shipyards every 5 years to maintain their regulatory certifications. The maritime industrial base, beyond providing shipbuilding capacity for the U.S. Navy, provides this capability. Maintaining these companies and their capabilities, as well as the experienced workers in the various maritime trades, is essential to fostering a competitive environment when soliciting affordable ship management and maintenance contracts.

USTRANSCOM is working with our U.S. Government sealift partners to find cost effective means to maintain and recapitalize the organic fleet. With the average age of the RRF exceeding 40 years, and approximately 1.6 million square feet of RO/RO capacity scheduled to retire over the next 10 years, it is important to begin the planning for recapitalization to prevent a significant loss of capability in meeting DOD's enduring sealift requirements. The preponderance of our surge fleet, once activated, is required to be underway within four (4) days or 96 hours of notice; without this state of readiness, our fleet would not be sufficiently responsive to meet the deployment timelines called for in GCC war plans. We are

continuing to work with the Navy, MARAD, and our commercial partners to find the best long-term solutions to maintaining sealift readiness.

Commercial Strategic Sealift

Although our organic assets are vital, we rely on our commercial partners to augment the organic fleet during the initial surge of combat power and for the vast majority of sealift in peacetime and in the sustainment phases of contingency operations. Access to the commercial fleets is formalized through MARAD's Voluntary Intermodal Sealift Agreement (VISA), the Maritime Security Program (MSP), and the Voluntary Tanker Agreement (VTA). Through these programs, DOD gains critical access to U.S. commercial capabilities while ensuring the availability of a viable U.S.-flag maritime industry crewed by U.S. citizen Merchant Mariners in times of national emergency.

VISA and MSP have been extremely successful programs since their inception in the mid 1990's and provide the federal government assured access to the required amount of capability. Specifically, MSP provides a fleet of 60 military-useful commercial vessels operating in international commerce, with intermodal networks throughout the world and jobs for U.S. Merchant Mariners. A significant percentage of our required sealift capacity needed in response to a national emergency will come from the 60 vessels operating within the MSP.

Currently, there is downward pressure on the number of qualified U.S. mariners because the flag fleet is shrinking. We remain concerned with the loss in the number of U.S.-flagged vessels in the international trading sector, specifically ocean going vessels in excess of 1,000 tons. Since 1990, the size of this segment of the U.S.-flag fleet has been reduced from 193 to 85 as U.S.-flag companies struggle to remain competitive with companies operating under foreign flags at lower operating costs. Although operations in Iraq and Afghanistan temporarily slowed the decline, the Nation's transition out of Afghanistan and current economic conditions may exacerbate the decline. Vessels continue to participate in the MSP because the combination of government impelled cargoes and the MSP stipend

offset some of the operating cost differential. The loss of government-impelled cargos, however, may cause participants to rethink their participation in MSP as the stipend alone may not provide enough incentive to remain under U.S. flag.

The VISA program, MSP, and government-impelled cargoes support the U.S. Merchant Mariner base, a vital national asset that provides the manpower for the government-owned organic fleets during surge operations. With the responsibility to manage the global mobility enterprise, USTRANSCOM is dependent on a healthy U.S. Merchant Mariner pool. U.S. Merchant Mariners are critical to USTRANSCOM's ability to meet its military requirements, and their training and proving ground are the commercial vessels of the U.S. flag fleet. As the numbers of vessels decrease, fewer opportunities exist for future generations of mariners to gain critical experience. It takes an average of 8-10 years to gain the requisite knowledge and experience needed to perform at the management level on a vessel. Fewer opportunities, combined with increasing costs to maintain a merchant mariner's credentials, serve as disincentives to the mariner base and increase the potential for contraction of the manpower pool. The end result is fewer merchant mariners available to operate our organic fleet in time of need.

Because DOD's organic fleet is maintained with partial crews until needed for real world operations, a loss of merchant mariners in commercial industry could limit our ability to bring some ships to Full Operating Status when the need arises. We are engaged with MARAD in its development of a National Maritime Strategy that is intended to grow the U.S. flag fleet and ensure the ability of the U.S. Merchant Marine to meet national security needs. We must ensure the continued support of the U.S.-flag fleet and retention of critical merchant mariner skill sets.

Final Thoughts

As our nation's military rebalances following the war in Afghanistan, USTRANSCOM remains prepared to support our warfighters at any time around the globe. Despite an uncertain future and a

dynamic strategic environment, USTRANSCOM will continue to collaborate closely with our partners to ensure we meet the nation's needs in peacetime or in conflict.

United States Navy
Biography

Vice Admiral William A. Brown
Deputy Commander, U.S. Transportation Command

Vice Adm. William A. Brown is the deputy commander, U.S. Transportation Command, Scott Air Force Base, Ill. USTRANSCOM is the single manager for global air, land, and sea transportation for the Department of Defense.

Brown previously served as the USTRANSCOM director of Strategy, Policy, Programs, and Logistics (J5/4). Prior to his arrival at USTRANSCOM from Headquarters United States European Command, Stuttgart-Vaihingen, Germany, Brown served as the director of Logistics (J4). He directed logistical support for U.S. forces assigned to the United States European Command theater of operations.

He previously served as commander, Fleet and Industrial Supply Centers, San Diego. Prior to assuming his position at COMFISCS, he served as the fleet supply officer at U.S. Fleet Forces Command in Norfolk.

Brown hails from Gloucester County, Va. A Naval Reserve Officers Training Corps scholarship student at Virginia Military Institute, he was commissioned in the Navy in May 1980. He received a master's degree in Business Administration from the Navy Postgraduate School in 1990 and attended Stanford Business School Executive Training Program in 2004.

Brown has served in a variety of sea and shore duty assignments providing him with extensive logistics and management expertise. His initial sea tour was aboard USS John F. Kennedy (CV 67), where he served as disbursing officer, wardroom officer, and stock control officer. He served as supply officer aboard USS Leftwich (DD 984) during Operation Nimble Archer and completed his sea assignments as supply officer aboard USS George Washington (CVN 73) during Operation Southern Watch in 2000.

Ashore, he was assigned to the Naval Air Systems Command; the former Naval Aviation Supply Office; Commander, Naval Air Force, U.S. Atlantic Fleet; Naval Supply Systems Command and commander, Naval Air Forces. During the initial phases of Operations Enduring Freedom and Iraqi Freedom, he was the operations director at the Naval Inventory Control Point, Philadelphia.

His awards include the Defense Superior Service Medal, Legion of Merit (four awards), Meritorious Service Medal (four awards), Navy and Marine Corps Commendation Medal (two awards), Navy and Marine Corps Achievement Medal and various other decorations. He is a qualified Naval Aviation Supply Corps Officer and Surface Warfare Supply Corps Officer. Rear Adm. Brown is a 1989 recipient of the Navy League's Vice Admiral Robert F. Batchelder Award.

Updated: 1 November 2013

STATEMENT OF PAUL N. JAENICHEN
MARITIME ADMINISTRATOR
U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE
HOUSE COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON SEAPOWER AND PROJECTION FORCES

LOGISTICS AND SEALIFT FORCE REQUIREMENTS
AND FORCE STRUCTURE ASSESSMENT

JULY 30, 2014

Good afternoon Chairman Forbes, Ranking Member McIntyre, and Members of the Subcommittee. I want to thank you for the opportunity to discuss the United States Merchant Marine that supports our Nation's government-owned and commercial fleet sealift requirements.

While our Nation is continuing to recover from the economic downturn of the past several years, more cargo is being moved by merchant ships globally. However, there are challenges to maintaining the number of commercial U.S. flag vessels actively involved in international trade, which impacts the availability of sealift capacity that the Department of Defense (DOD) relies upon to move equipment and supplies to support global projection and sustainment of our Armed Forces. The U.S.-flag commercial fleet operating in international trade provides a substantial portion of the infrastructure for this sealift capability with commercial maritime companies, their vessels, and mariners available in wartime or crisis, as needed. While the number of liners – including containerships, roll-on/roll-off, and general cargo vessels has remained relatively constant in recent years and the size of the vessels continues to increase, the overall number of vessels in the U.S. flag fleet today declined by 18.6 percent as of July 2014 compared to the running 5-year average. The largest component is a declining number of non-militarily-useful bulk carriers, with declines in other service types as well. This causes me to be concerned about the overall health of our international trading fleet. Government-owned sealift force requirements have a significant nexus to the commercial U.S.-flag maritime industry that provides the ready pool of proficient and qualified merchant mariners. Given that the two are

linked, DOD and the Maritime Administration must assess the impact of the loss of these vessels on sealift to support national security.

The Ready Reserve Force (RRF) fleet of government-owned merchant-type vessels was established in 1976 as a subset of the Maritime Administration's (MARAD) National Defense Reserve Fleet (NDRF). The mission of the RRF is to ensure the capability to rapidly deploy military forces and equipment, and emergency humanitarian aid to events that require intervention by the U.S. Government. The program began with the modernization of six of the NDRF program ships in the best condition left over from World War II. By 1994, the RRF had grown to 102 ships. Today, there are 46 vessels in the RRF that meet DOD's specified requirements for vessel type, readiness condition, and location. The average age of these 46 ships is 40 years with the oldest being 47.

The RRF has evolved into a very effective and proven national asset for providing "assured access" to sealift capacity that is ready on time, at reasonable cost, and operated by U.S. companies and U.S. mariners. All of the ships are maintained in a reduced operating status (ROS) with a partial crew sourced from maritime labor unions. These crews are employed to maintain the ships so that they can be underway for use within four days of receiving an activation order from DOD. These contracts for ship management services are established with U.S. companies that operate commercial U.S.-flag ships. RRF ships provide significant support to U.S. shipyards through an average of nine major (multi-million dollar) shipyard repair periods each year. In FY2013 alone, RRF ships contributed over $172 million dollars to forty (40) state economies, $120 million of that going to businesses in California, New Jersey, Oregon, Pennsylvania, Texas, and Virginia.[1]

Readiness of RRF vessels is monitored while in ROS in order to ensure that 85 percent of the ships are ready to be under way in 96 hours, followed by 24 hours at sea heading to the load port, as set forth in DOD guidance. In order to ensure that the fleet can meet this DOD guidance, 90 to 95 percent of the ships are maintained in this high level ready status. This allows MARAD to meet its performance target of 100 percent success on RRF vessel "no-notice" activations,

[1] Based on MARAD's Resource Management System accounting of RFF ship maintenance contracts.

notwithstanding, the challenges in getting a 40-year-old ship underway in 96 hours, after not having operated at sea for as long as two years. Over the history of the RRF program, there have been more than 600 vessel activations including those for validation of readiness, with an average of nearly 27 activations per year since 1990.

The RRF provided major contributions to the success of numerous U.S. military and humanitarian operations. From 2002 through June 2008, 118 ship activations were necessary to support Operations ENDURING FREEDOM and IRAQI FREEDOM. During that period, there were 13,575 ship operating days with a reliability rate of 99.0 percent. Roughly 25 percent of the initial equipment needed to support U.S. Armed Forces operations in Iraq was transported by the RRF. In response to the devastating earthquake that struck Haiti in January 2010, three MARAD vessels took part in relief efforts. The first vessel carried supplies and equipment for the U.S. Navy's Construction Battalions (Seabees). The second vessel provided logistical support for the relief efforts from Port au Prince's harbor, while the third vessel operated as a high speed freight and passenger shuttle between the continental U.S. and Port au Prince.

The RRF has also been called upon to provide humanitarian assistance to the U.S. Gulf Coast following Hurricanes Katrina and Rita in 2005 with 866 ship-days of support. The Federal Emergency Management Agency (FEMA) used nine MARAD vessels to support these relief efforts. Five of those vessels were from the RRF and the remaining four were training vessels with additional berthing capacity from the NDRF. Messing and berthing were provided for refinery workers, emergency response teams, and longshoremen and totaled more than 83,000 berths and 270,000 meals during their activation.

MARAD also activated one RRF vessel and two NDRF training vessels in response to Hurricane Sandy in late 2012. These vessels not only provided berthing and meal service to relief workers from the Department of Homeland Security and private organizations such as the Red Cross, but also saved the U.S. Government millions of dollars in per diem costs had those workers been housed in New York City or nearby cities.

Clearly, maintaining a standby fleet of former commercial vessels in the RRF has served our Nation well. While commercial ships are normally retired after 25 years of operation, MARAD intends to maintain the RRF program ships in service for 50 years. Given the 40 year average age of the RRF, MARAD is coordinating with DOD to examine the need for recapitalization. The RRF maintenance program has compensated for age by effectively managing maintenance through auxiliary equipment upgrades to provide more modern shipboard systems.

MARAD is currently preparing, in coordination with DOD, an RRF recapitalization study to assess the full range of options that will balance the DOD's requirements with funding realities. Several recapitalization options that could be examined include: (1) acquiring commercial vessels when they age-out of economic usefulness, (2) acquiring new U.S.-built vessels (which MARAD estimates would cost approximately $225 million) (3) supporting construction and operation of American Marine Highway vessels to be available for worldwide deployment on short notice, and (4) exploring the possibility of joint Navy-MARAD national security multi-mission vessels that use a school ship recapitalization model to encourage building commercial vessels with military utility.

The overall volume of non-bulk dry and dry bulk preference cargo transported on U.S. flag vessels has substantially decreased since 2005, which was during the Afghanistan and Iraq wars. The reductions are most significant in non-militarily-useful bulk carriers along with reductions in other service types. Ships require cargo to be economically viable. So without ready access to either commercial or government impelled (cargo preference) cargos, the survival of some vessels in the U.S. flag fleet operating in international trade is in question. The causes of the falling volumes of non-bulk dry cargo and dry bulk preference cargo do not appear to be transient. Continued reductions in the number of U.S. Armed Forces and overseas military bases, coupled with decline in the number of troops involved in global operations, suggest that military cargoes will continue to decrease through 2016, leveling off at less than one million metric tons per year. This is less than half of the volume transported as recently as 2011.

The size of the U.S.-flag international trading fleet of privately-owned, self-propelled vessels decreased from the five-year average between 2008 and 2013 of 101 to 84 vessels as of July

2014, and is expected to decrease further in the years to come. Adverse impacts on the 58 liner-service-type vessels in the Maritime Security Program Fleet are already occurring with one vessel leaving the program and reflagging and reflagging foreign and two more expected before the end of the year. They state that their basis for leaving the program is a lack of cargo and it appears unlikely that commercial or preference cargo opportunities will recover significantly in the future.

MARAD is responsible for determining whether adequate manpower is available to support the operation of sealift ships during a crisis, as set forth in the National Security Sealift Policy – National Security Directive (NSD) No. 28 dated October 5, 1989. We have determined that the pool of civilian U.S. Merchant Mariners available to crew government sealift ships when activated has declined over the last decade, and the current number of qualified and experienced mariners available may not be adequate in the very near future without requiring the U.S. Coast Guard to waiver domestic and international requirements for the mariners. This assessment of the status of the civilian Merchant Mariner pool included close coordination with the U.S. Maritime Labor Unions and consultation with other maritime industry stakeholders. Given this assessment, I intend to work closely with the U.S Transportation Command, the U.S. Navy, and the commercial maritime industry to address this issue.

The Merchant Marine Act of 1936 declared that establishing an American merchant marine is a national priority and stated that it is U.S. policy that "vessels of the merchant marine should be operated by highly trained and efficient citizens of the United States." The primary source of mariners to crew government reserve sealift ships is the pool of U.S. contract mariners actively sailing in the U.S.-flag shipping industry, including the Jones Act trades, which are reserved entirely for the U.S. flag. The sufficiency (availability, commitment, and skills) of this mariner pool to support a large-scale activation of the government reserve sealift fleet (60 ships) directly depends upon the number of commercial U.S.-flag merchant fleet vessels actively sailing. A fleet that is sufficiently sized provides an adequate pool of qualified merchant mariners to meet the crewing requirements of both the commercial and government sealift fleets during national emergencies and during normal peacetime operations.

I am concerned that the number of available mariners is no longer adequate to meet both the initial surge and sustained operation of the government sealift fleet. While Jones Act trade has been growing, the reductions in the number of afloat jobs have decreased the size of the blue water mariner pool to a historic low. The size of vessels has increased considerably, allowing more cargo to be carried on a given vessel and requiring the same or fewer mariners. This sharp decline in U.S.-flag afloat jobs over the past four years comes at the same time that domestic and international training requirements for mariners in Jones Act and international trade are increasing due to Standards of Training Certification and Watchstanding passed by the International Maritime Organization that take effect in January 2017.

MARAD estimates that vessels average about 20 billets (or 40 mariners on an annualized basis), and that within current international trade there are approximately 4,100 licensed officers and 7,600 unlicensed readily available mariners to sail on either commercial or government reserve sealift ships. This revised analysis of the contract mariner pool, including both union and non-union mariners has been shared with DOD. While this number of contract mariners is sufficient to meet the initial sealift surge when government reserve sealift ships are activated, it will severely challenge our ability to sustain crewing requirements over an extended period that requires the rotation of crew members on both government and commercial vessels. The initial activation of the 60 MARAD and Military Sealift Command surge vessels will require 1,225 mariners with an additional 2,450 mariners needed for sustained operation. Any further loss of ships with the corresponding mariner jobs will significantly impact the ability to crew the sealift fleet to meet national security requirements, given that seagoing career and progression opportunities for U.S. Merchant Mariners are now increasingly more difficult to sustain. MARAD is currently working with DOD to address the mariner issue and will assess the impact on the availability and capacity of sealift assets to support national security.

The U.S. Maritime Labor Unions, which have collective bargaining agreements to crew the sealift fleet, cannot retain members when afloat employment is not available. Additionally, the significant loss of afloat jobs affects the ability to assess, train and develop new mariners and grow the available mariner pool given that sea time serving aboard operational ships is critical to obtaining the experience necessary for mariners to upgrade their U.. Coast Guard credentials. A

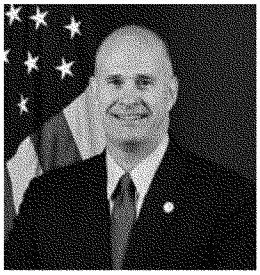
shortage of senior unlicensed engineers, specifically electricians, already exists and a shortage of senior management level officers will occur within the next five years. Due to extensive training and licensing requirements, it is difficult to recruit and retain seafarers if there are insufficient jobs. Similarly, the unions have determined that mariners who remain out of work or are not actively sailing for a period of more than 18 months are unlikely to keep their license or training current. Of note, it takes an average of 10 years to produce a Master or a Chief Engineer and current attrition rates are projected to overtake the advancement rate of new management level blue water mariners within the next five years.

MARAD is currently working on developing a National Maritime Strategy with stakeholders aimed at preserving and growing all aspects of the U.S. merchant marine, including the U.S.-flag international trading fleet.

Thank you for the opportunity to share our program successes and to discuss what may be a critical juncture point for the long-term health of the international trading U.S. Merchant Marine, which can have significant impacts on our Nation's economic and national security as it relates to sea power. I look forward to any questions you may have.

##

Maritime Administration



Paul N. Jaenichen, Sr

Maritime Administrator

On July 15, 2014 Deputy Maritime Administrator Paul "Chip" Jaenichen was confirmed as Maritime Administrator. Acting Administrator Jaenichen has been with the U.S. Department of Transportation, Maritime Administration since July 2012 when he was appointed Deputy Maritime Administrator by President Obama.

Captain Jaenichen was a career naval officer, retiring after serving 30 years as nuclear trained Submarine Officer in the U.S. Navy. His final assignment was as Deputy Chief of Legislative Affairs for the Department of the Navy from October 2010 to April 2012. He served as Commanding Officer of USS ALBANY (SSN 753) from September 1999 to June 2002 and as Commander, Submarine Squadron ELEVEN in San Diego, California from April 2007 to September 2008. His shore tours included assignments as Director, Submarine/Nuclear Officer Distribution where he was responsible for career progression and assignment of over 5200 officers; as Officer-in-Charge of Moored Training Ship 635, one of two nuclear powered training platforms in Charleston, South Carolina, where he was responsible for initial operational training and qualification of over 1200 officer and enlisted operators annually; and as Chief, European and North Atlantic Treaty Organization (NATO) Policy Division on the Joint Staff where he was responsible for military-to-military engagement on security cooperation and involvement in coalition operations with all 26 NATO member nations.

Captain Jaenichen's hometown is Brandenburg, Kentucky. He earned a Bachelor of Science in Ocean Engineering from the United States Naval Academy and a Masters in Engineering Management from Old Dominion University. His personal military awards include the Defense Superior Service Medal, Legion of Merit (four awards), Meritorious Service Medal (three awards), Navy-Marine Corps Commendation Medal (five awards) and the Navy-Marine Corps Achievement Medal (two awards). He lives in Bowie, MD with his wife, Paula Auclair Jaenichen, who is a National Board Certified teacher.

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
ARMED SERVICES COMMITTEE

STATEMENT OF

MR. F. SCOTT DILISIO,
DIRECTOR,
STRATEGIC MOBILITY / COMBAT LOGISTICS DIVISION
OFFICE OF THE CHIEF OF NAVAL OPERATIONS

ON THE
LOGISTICS AND SEALIFT FORCE REQUIREMENTS AND
FORCE STRUCTURE ASSESSMENT

BEFORE THE

HOUSE ARMED SERVICES COMMITTEE

SEAPOWER AND PROJECTION FORCES SUBCOMMITTEE

JULY 30, 2014

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
ARMED SERVICES COMMITTEE

Chairman Forbes, Ranking Member McIntyre and distinguished members of the House Armed Services Subcommittee on Seapower and Projection Forces. As Director of the Strategic Mobility/Combat Logistics Division in the office of the Deputy Chief of Naval Operations (DCNO for Fleet Readiness & Logistics), I appreciate the opportunity to speak about the current state of readiness of the Combat Logistics and Strategic Sealift Forces. My testimony will describe the forces and the framework in which they operate. Additionally, it will touch on what has been accomplished over the past year, to include – continuing to meet operational requirements, while simultaneously driving successful, innovative, and non-traditional solutions to global maritime logistics.

Mission

The Combat Logistics and Sealift missions are accomplished by a force comprised of 122 ships. This force brings a variety of capabilities in direct support of numerous missions including at-sea resupply of our naval combatants; prepositioning of critical cargo for Marine Corps, Army, and Air Force and overseas large cargo transport; humanitarian assistance/disaster relief (HA/DR), diving and salvage operations; rapid intra-theater movement of cargo and personnel; towing; and afloat staging capabilities. This unique segment of the Fleet provides and facilitates the scalable capability required by the Combatant Commander to execute their missions around the globe. I'll now provide a brief description of the force.

Combat Logistics Force (CLF)

The Navy's mission is expeditionary and has long required the capability to conduct worldwide and sustained operations at sea. The Navy has been, and will always be, called upon to operate forward in areas where access to shore bases may be limited. Therefore, the ability to rearm,

refuel and re-provision our ships at sea, independent of any restrictions placed on it by a foreign country, is critical to the Navy's ability to project warfighting power from the sea.

As the lifeline of resupply to Navy operating forces underway, the ships of the Navy's Combat Logistic Force (CLF) enable Carrier Strike Groups and Amphibious Ready Groups to operate forward and remain on station during peacetime and war, with minimal reliance on host nation support. The global peacetime CLF force structure supports continuous Navy presence worldwide and Fleet required sustainment training and deployer workup cycles. For perspective, these ships last year collectively delivered just under 500 million gallons of fuel (in 3,400 events), 37,000 pallets of ordnance (in over 200 events), and 84,000 pallets of dry cargo (in over 1,400 events).

The CLF provides logistics support to warships by underway replenishment via connected and vertical replenishment. A typical connected replenishment starts when a warship makes an "approach" on a CLF ship. The CLF ship maintains steady course and speed while the "customer ship" approaches and comes alongside the CLF ship, matching course and speed. The distance between the two ships is usually between 120-200 feet. The CLF ship then passes heavy metal wires, to the customer ship, that are connected at the replenishment stations. These wires are placed under tension to support fuel hoses for refueling operations or trolleys that move pallets of provisions, ammunition, or other cargo from ship to ship. Ships with flight decks can also receive provisions and ammunition via vertical replenishment. During this evolution a helicopter transfers cargo in external sling loads, or in the case of mail or passengers, inside the helicopter.

The CLF is made up of single and multi-mission ships. The older single mission ships, specifically the Fleet Replenishment Oilers (T-AO), primarily provide one product, fuel, but have the ability to provide limited quantities of dry cargo. The newer multi-mission Fast Combat

Support Ships (T-AOE) provide "one stop shopping" to customer ships by simultaneously replenishing ammunition, provisions and fuel. The Dry Cargo and Ammunition Ships (T-AKE) primarily provide ammunition and provisions, but can also supply fuel at limited transfer rates and quantities compared to the AOE or AO. Ships of the Combat Logistics Force include:

Fleet Oilers (T-AO 187 Class)

There are fifteen fleet replenishment oilers that fuel deployed Navy combatants and their embarked aircraft via connected replenishment. Each is capable of carrying Diesel Fuel Marine (DFM), aviation jet fuel (JP-5), fleet cargo and provisions. They do not have embarked helicopters but are capable of vertical replenishment.

Dry Cargo/Ammunition Ships (T-AKE Class)

The newest and most advanced, this class of auxiliary ships is comprised of 14 supply ships that deliver ammunition, provisions, stores, spare parts, potable water and petroleum products to naval forces. They provide supplies at sea by connected replenishment or vertical replenishment with their own helicopter. Two of the ships belong to the Military Sealift Command Prepositioning Program that supports the Marine Corps.

Fast Combat Support Ships (T- AOE 6 Class)

The four Combat Support Ships in service deliver fuel, ammunition, provisions, stores, spare parts, potable water and petroleum products. These supplies are delivered at sea by connected replenishment or vertical replenishment with their own helicopter. The AOE class is also capable of higher sustained speeds than the T-AO or T-AKE, when mission requirements dictate.

Service Support Ships

Another facet of naval support is provided by our Service Support Ships. Capabilities resident on respective platforms include towing, rescue and salvage, and afloat medical facilities.

Our hospital ships (T-AH) have been involved in humanitarian civil assistance missions and are able to provide medical care onboard and ashore, from primary care to internal medicine, dental, radiology, and pharmacy services among many other specialties. These ships have routinely participated in humanitarian assistance across the globe and reinforcing efforts with partnering nations. Both USNS Mercy and USNS Comfort are scheduled to deploy separately in support of such operations in 2015. The Navy's Towing and Salvage Ships (T-ATF and T-ARS) support global towing, salvage, submarine rescue and diving requirements. Collectively, Service Support ships bring Combatant Commanders a wide scope of critical naval support across the globe.

Summary and Vision for CLF

The Combat Logistics Force has proven its ability to support operations worldwide. It is my expectation that we will continue to explore "out of the box" solution sets to meet the logistics demands of our naval warfighters.

Sealift

Major ground combat operations require access to and transportation of a high volume of unit equipment and supplies – well over a million tons in some scenarios. Bringing this capability into the theater of operations is Strategic Sealift, which provides the necessary transportation for Marine Corps and Army combat unit equipment, ammunition, fuel, and sustainment materiel in times of contingency. Sealift delivers this capability to the Combatant Commander through strategic afloat prepositioning, surge sealift and sustainment shipping. Since September 11, 2001, Strategic Sealift ships have played a significant role in contingency operations, moving over 126 million square feet of supplies and combat equipment for operations supporting the military effort in Iraq and Afghanistan.

The program manages a mix of government-owned and long-term chartered dry cargo ships and tankers, as well as additional short-term or voyage-chartered ships. These 85 ships are in two major categories: prepositioning and surge. When called for tasking, each type brings a unique and vital set of capabilities. Large Medium-Speed Roll-on/Roll-off (LMSR) sealift ships, which are nearly the size of Aircraft Carriers, have the capacity of more than 300,000 square feet of cargo and can carry aircraft and heavy armored vehicles. They have cranes, a stern ramp and a movable ramp that services two side ports for easy offload. Marine Corps, Army and Special Operations Forces are the principle customers of the LMSR fleet.

Surge vessels are maintained in a 5-day Reduced Operating Status (ROS). While in ROS, these ships are manned by a reduced crew whose responsibility is to bring the ship online when activated. These ships are managed by the Military Sealift Command (MSC) or U.S. Department of Transportation Maritime Administration (MARAD). Upon activation, MARAD vessels are under MSC-operational control. Each year, some ships are provided no-notice activation orders to be "ready to sail" by the prescribed timeline. Since this program began in 1994, over 250 ships have been tested in meeting the timeline with only two not able to meet "ready-to-sail" criteria.

Afloat Prepositioning

Of the 85 ships performing Sealift missions, 25 are designated as Afloat Prepositioning units. They support Marine Corps, Army and Air Force requirements. Fifteen ships are assigned to the Maritime Prepositioning Squadrons (MPSRON) located in Guam and Diego Garcia; eight are assigned in support of an Army Prepositioning Set (APS-3); and two support the Air Force. These ships, pre-loaded with Service and Defense Logistics Agency equipment, are a combination of U.S. government-owned ships and long-term chartered U.S.-flagged ships.

The Prepositioned Fleet is strategically located in key areas prior to actual need ensuring ready-access for contingencies. Doing so provides flexible, first-response stocks of military equipment, combat gear, and supplies essential to sustaining initial phases of major combat operations. As an example of the capabilities provided, ships supporting the Maritime Prepositioning Force (MPF) provide equipment and supplies for two Marine Expeditionary Brigades (MEBs) – over 18,000 Marines – and has the ability to sustain their operations for 30 days. The forces are capable of responding within the theater in seven days for a range of military operations. When Mobile Landing Platform (MLP) ships join LMSR ships as part of the Prepositioning Squadron next year, they will enable greater sea-basing capability and increased flexibility across the operational area. In addition, the Dry Cargo/Ammunition Ship (T-AKE), coupled with aircraft from amphibious ships, CH-53 Super Stallion and MV-22 Osprey, can provide sustainment directly to joint forces ashore. The Offshore Petroleum Discharge System (OPDS) delivers fuel from up to eight miles offshore.

An MLP is a tremendously versatile ship, acting as a floating base for expeditionary operations. Equipped with a ramp, Landing Craft Air Cushioned (LCAC) spots and ample cargo space, the MLP is an intermediary transfer point for troops, equipment, and cargo moved ashore by JHSV or LCAC. MLPs can land up to three LCACs, which can access over 80% of the world's coastlines.

Surge

Surge ships are the second subset of Sealift, comprised of 60 ships (of the 85 Sealift ships). These ships move unit equipment from the U.S. to a theater of operation and are comprised primarily of Roll-On/Roll-Off (RO/RO) ships which facilitate the rapid on-load and off-load of rolling stock and Service-unique, special mission equipment. Of the 60 Surge Sealift ships, 14 are operated by MSC and include nine LMSR's and five RO/RO Container ships. The

remaining 46 Ready Reserve Force (RRF) ships, maintained by the Maritime Administration, include eight Fast Sealift Ships, two heavy lift, two aviation support, 27 RO/ROs, six crane ships, and one OPDS ship.

When activating surge ships, MSC looks across the inventory of organic sealift vessels, including RRF ships. MARAD's RRF ships supplement the sealift capacity of the MSC surge sealift ships. Management of the RRF program is defined by a Memorandum of Agreement between the DoD and the Department of Transportation. Ships are expected to be fully operational within their readiness status timeframe and tendered to MSC for operation. Commercial U.S. ship managers provide systems maintenance, equipment repairs, logistics support, activation, manning, and operations management by contract. Ships in priority readiness have ROS maintenance crews of about 10 commercial merchant mariners that are supplemented by additional mariners during activations.

All aspects of Sealift - prepositioning, high speed intra-theater transport, and surge - bring new prospects in providing efficient and cost-effective ocean transportation for the Combatant Commanders, as well as other federal agencies.

Joint High Speed Vessel

Another integral and unique part of the Sealift capability is the Joint High Speed Vessel (JHSV). Unlike the aforementioned prepositioning ships, JHSV is not assigned to a specific squadron or service support role. This auxiliary ship can be directed to support any area of operation as required, and is designed for high-speed intra-theater transport. With a 20,000 square-foot mission bay capacity and passenger seating for 312, a JHSV can deploy 600 tons of vehicles, tanks, trucks, ambulances, or bulldozers and a company of Marines or Soldiers extended distances at speeds exceeding 35 knots. JHSV has an adjustable stern ramp for rapid

on-load and off-load as well as a crane to move up to 40,000 pounds of cargo to/from ship or pier.

The JHSV will be forward-stationed and used for high-speed logistics. Experimentation is revealing more potential missions to include mine countermeasures support, humanitarian aid, Theater Security Cooperation (TSC) support and security force assistance. For example, earlier this year, USNS Spearhead was on-station prepared to evacuate personnel during the Sochi Olympic Games. One JHSV can support a non-combatant evacuation of up to 1,200 people. The JHSV brings flexible, quick and multi-faceted logistics support solutions to the Combatant Commander.

Military Sealift Command

MSC exercises tactical control of all U.S. Transportation Command (USTRANSCOM) and MSC forces not otherwise assigned to Fleet Commanders. MSC also provides oversight for civilian-crewed ships, providing services to the Navy, Marine Corps, Army, Air Force, USTRANSCOM, Missile Defense Agency and other U.S. government agencies, supporting national maritime needs worldwide. In addition to its active ships, MSC can recall MARAD's RRF ships or with chartered civilian shipping to meet specific logistics requirements.

Recapitalization

The current plan for future Fleet Auxiliary Acquisitions includes the T-AO(X). Beginning in FY21, 17 T-AO(X) Fleet Oilers will start to replace the T-AO 187 and T-AOE 6 class ships to work in tandem with T-AKEs supporting the Fleet. These ships will have increased cargo capacity, enhancing dispersed Fleet operations.

Innovative Use of Adaptive Force Platforms

In context of CLF and Sealift capabilities, and in concert with the Fleet Commanders, we are examining innovative ways to improve capability and capacity to perform TSC- missions - options that also enhance overall Navy combat force availability. Emergency aid deployed from Marine Prepositioning Force (MPF) cargo embarked on LMSRs and JHSVs can support engineering, disaster relief, and medical stability operations. The use of alternative platforms is being considered to meet the Combatant Commanders' needs for responsive medical payloads that support a range of military operations. The Navy has been developing and leveraging modularity concepts and scalable adaptive force packages to provide improved medical response to evolving demand. Other alternative platforms including JHSV could potentially embark existing medical capabilities, reconfigured into Medical Adaptive Force Packages, to best meet Combatant Commander requirements.

Embarked medical payload packages provide potential for partner building, medical stability operations, and advanced trauma care. As possible missions evolve, tasks may include reconstruction, military-to-military training, and advisory services for civil affairs, medical assistance, food and water distribution, and medical evacuations. The LMSR will use its ample cargo capacity to deploy and sustain Navy Seabee and Marine Corps forces to conduct engineering and construction or multinational training engagements. A JHSV combined with a helicopter can provide high speed ship-to-shore movement of personnel and material, while MLPs are capable of providing sea-based operations.

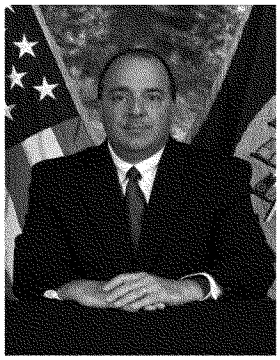
The deployment of Adaptive Force Packages using material in the Fleet inventory can create opportunities for auxiliary ships to expand support missions and increase global presence. We can use sealift and other ships that traditionally fill a support role to accomplish missions on the "low end" of the Range of Military Operations (ROMO), freeing surface combatants, both

amphibious and cruiser/destroyers, to focus on core missions. There will be a steady requirement for missions related to humanitarian assistance, disaster relief, and engagements with our partners that non-combatant ships can and may be directed to fill.

Summary

Global operations continue to assume an increasingly maritime focus. As we look to the future, we see a continued need for Navy forces on station to meet the mission requirements of the Combatant Commanders. We will continue to support forward presence and relieve stress on the rest of the force through traditional and innovative approaches. The Navy supports regional stability through naval presence, deterrence of aggression and the assurance of our allies. We will continue to rely on the CLF and Sealift as they contribute to the CNO's tenets for our Navy: Warfighting First, Operate Forward, and Be Ready. Our Navy is operating where it matters, when it matters. I want to thank you for your continued support of our Force. Also, thank you again for the opportunity to appear before the Committee.

F. Scott DiLisio



Director,
Strategic Mobility/Combat Logistics Division

F. Scott DiLisio was appointed to the Senior Executive Service in December 2006 and has 25 years of Federal Service. He is the Director, Strategic Mobility/Combat Logistics Division in the office of the Chief of Naval Operations (CNO-N42). He is responsible for providing sealift and combat logistics planning, programming and policy guidance to the Deputy Chief of Naval Operations (DCNO) (Fleet Readiness & Logistics), to the Deputy Assistant Secretary of the Navy, Research, Development and Acquisition (RD&A) (Ships), and to the Director for Logistics, Joint Chiefs of Staff, for a fleet of over 100 ships.

Mr. DiLisio's previous SES assignments include serving as the Deputy Commander, Navy Cyber Forces with collateral duty as the U.S. Fleet Forces Command Information Officer in Little Creek, VA. In this capacity, Mr. DiLisio served as the Deputy Commander and principal advisor to the Cyber Force Commander and Fleet Commander on all matters relating to Navy C5I programs and requirements.

Mr. DiLisio also served as Executive Director, Submarine Forces where he was the principal advisor to the Submarine Force Commander on all matters relating to Undersea Enterprise programs and requirements. He also served as Assistant Deputy Commander, Fleet Logistics Support at Naval Sea Systems Command (NAVSEA), with responsibility for program management and implementation of logistics functions, policies and processes within NAVSEA and its field activities.

Mr. DiLisio began his professional career with the Department of the Navy in 1987 as a logistics management specialist in the office of the Chief Engineer for Logistics at Naval Sea Systems Command. In September 1989, DiLisio was selected as the Integrated Logistics Support (ILS) manager for the AOE-6 Fast Combat Support Ship, where he was charged with the complete re-planning effort and execution of the full ship class logistics program. He directed the ILS delivery of the first two ships of the class.

In 1994, he was appointed Logistics Director of the Strategic Sealift Program. Under his direction, the Strategic Sealift Conversions and two lead new construction ships were successfully delivered into service.

Updated 10-12

In May 1998, DiLisio was appointed as the Director of Operational Readiness for the DD-21 program where he was responsible for devising new, innovative logistics strategies for the support of the U.S. Navy's newest destroyer class.

He also served as the Deputy Program Manager for the restructured DD(X) program. As the senior civilian in charge of the ACAT ID Twenty First Century Destroyer program, DDG 1000, he directed the successful execution of a $2.9 billion phase III effort.

Mr. DiLisio holds a bachelor's of science degree in business administration from Strayer University. He is a recipient of numerous professional awards including multiple Superior Civil Service Awards. He is a member of the Acquisition Professional Community. UPDATED: 17 October 2012

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING

JULY 30, 2014

RESPONSE TO QUESTION SUBMITTED BY MR. HUNTER

Mr. DILISIO. Mobile Landing Platform (MLP 3) is being built as an Afloat Forward Staging Base (AFSB) variant. MLP 3 AFSB is currently under construction at NASSCO and is expected to deliver in Fiscal Year (FY) 2015. The second MLP AFSB, MLP 4 AFSB, is planned to be awarded to NASSCO in 2014. The President's Budget submittal for FY 2015 includes a third MLP AFSB, MLP 5 AFSB in FY 2017 but did not include advanced procurement funds for the ship. [See page 11.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

JULY 30, 2014

QUESTIONS SUBMITTED BY MR. FORBES

Mr. FORBES. If sea control will be increasingly contested in the coming decade, should we re-consider the need to build a T–AOE(X), as was planned earlier the last decade?

Admiral BROWN. If built, the T–AOE(X) Fleet Oiler would be managed by the Military Sealift Command, through U.S. Navy operations. USTRANSCOM would have no operational control of T–AOE(X) assets. The Navy is in the best position to provide information concerning building a T–AOE(X).

Mr. FORBES. Today, the U.S. military has a selected set of supply depots and refineries overseas. Does the Navy's logistic ship requirement reflect the likelihood that the fleet may need to depend on a larger number of geographically dispersed refineries and depots ashore in a conflict?

Admiral BROWN. USTRANSCOM does not have operational control or influence on how the U.S. Navy logistically supports the fleets. The Navy is in the best position to provide information about the U.S. Navy's logistic ship requirement.

Mr. FORBES. The advent of longer range threats to carrier strike groups (like the DF–21D, advanced conventional submarines and long-range aircraft armed with advanced anti-ship missiles, etc.) suggests that in the future carrier aircraft may need to conduct high-intensity operations much farther from their targets than they have in the past. Has the Navy analyzed the impact of such operations on the demand for logistic ship support to carrier strike groups, and if so what did it find?

Admiral BROWN. The demand for fleet logistics ships in support of U.S. Naval Forces underway is an internal U.S. Navy issue. USTRANSCOM does not conduct analysis on the demand for logistic ship support to carrier strike groups. U.S. Navy would be in the best position to answer this question.

Mr. FORBES. Today, the U.S. military has a selected set of supply depots and refineries overseas. Does the Navy's logistic ship requirement reflect the likelihood that the fleet may need to depend on a larger number of geographically dispersed refineries and depots ashore in a conflict?

Mr. DILISIO. The Navy's logistic ship requirement reflects the number required to support the Global Force Management Allocation Plan (GFMAP). GFMAP presence values are based on the SecDef approved assessment of combatant ship presence required in theaters for national defense and other priorities. Based on these combatant presence requirements, Navy Fleet commanders determine the CLF ship presence needed in each theater to support this force. Fuel refinery and depot locations are important variables among others that, in the aggregate, determine the requirement. Working with other DoD entities (e.g., Defense Logistics Agency), the Navy constantly reviews options to ensure appropriate support is in place to meet requirements. As policy and plans evolve, the numbers (and locations) may change.

Mr. FORBES. On June 23, 2014 the Navy responded to a HASC inquiry pertaining to the current status of the LMSR Crane Control Upgrade Program. The Navy response indicated that additional Pier-side and Afloat testing of the CC3000 crane control system were expected as part of the next phase of the program. The response stated that the Navy was currently developing a work package and contract award to support an FY 15 shipboard installation and testing of the CC3000 control system on a full ship set of four cranes (two twin pedestal cranes). Will this installation and testing be implemented with FY 14 funding and executed within CY 2015?

Mr. DILISIO. Efforts to test the CC3000 crane control system have been put on hold pending identification of funding. Navy will monitor commercial progress of the technology for future potential application.

Mr. FORBES. We understand that the targeted ship for this installation and testing is the USNS Sisler. What is the current status for executing this installation and testing on the USNS Sisler?

Mr. DILISIO. Efforts to test the CC3000 crane control system have been put on hold pending identification of funding. Ship to be used for installation and testing has yet to be identified. Navy will monitor commercial progress of the technology for future potential application.

Mr. FORBES. If the installation and testing are successful, what is the Navy's plan for installing the CC3000 upgrade across the LMSR fleet?

Mr. DILISIO. Efforts to test the CC3000 crane control system have been put on hold pending identification of funding. Navy will monitor commercial progress of the technology for future potential application. All current and future efforts will continue to balance the need to keep existing cranes in service and capable of performing their mission against components that become obsolete for missions that require greater control for more complex lifts.

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